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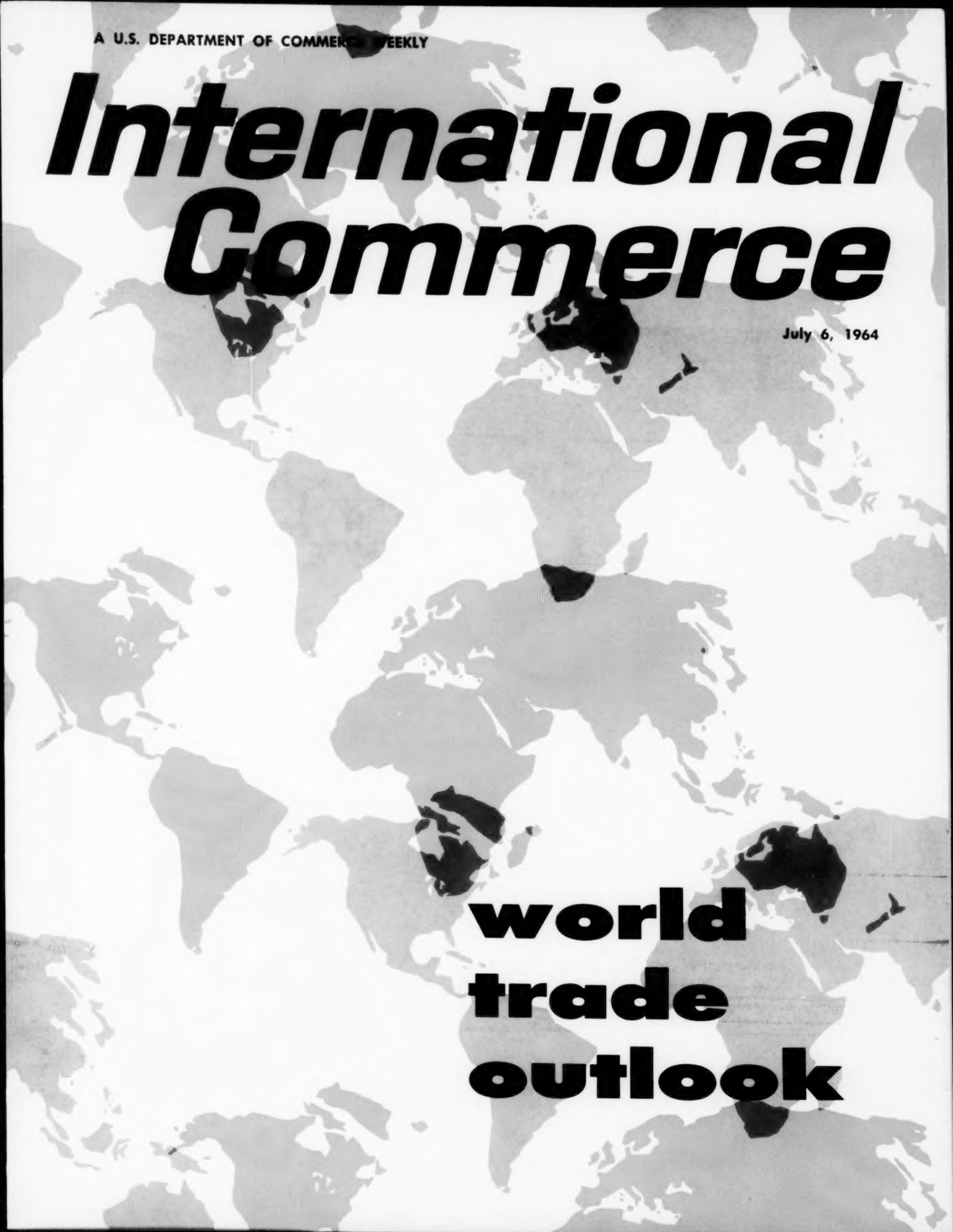
July 6, 1964



world trade outlook

Business Bulletins *from around the world*

ANGOLA—$1 million combination slaughterhouse, refrigeration plant to be built in Luanda. Refrigeration rooms will be able to freeze 180 tons of meat daily; storage area will hold 1,000 tons.

BAHREIN—Australian trade center established here to foster exports to Kuwait, Saudi Arabia, other Arab oil states of the Gulf.

BELGIUM—Retail price index rose to new high of 118.5 in May from 118.21 in April (1953-100). Industrial production index reached 189.4 in April (1953-100), 7 point increase over March.

Cigarette prices increased from 25¢ to 27¢ a pack June 1. At same time excise tax on cigarettes reduced from 60.5% to 57.5%.

Ministry of Agriculture to enforce regulations requiring net weight size of fruit in millimeters to be marked on containers used to market apples, pears at wholesale level.

FRANCE—National Standard Co. to produce filtration, machinery for lithography and decorating through newly-founded National Standard-France near Paris.

Polymer Corp., Reading, Pa., builds synthetic rubber plant near Strasbourg, through newly-formed Polymer Corp. France.

Radiation Inc., Melbourne, Pa., to produce telemetric equipment near Paris, together with French company.

Young & Rubicam, New York advertising firm, establishes Young & Rubicam France in Paris, capital $100,000.

Weyerhaeuser Co. buys interest in Rheims factory producing paper, packaging products.

GREECE—National Bank of Greece to postpone commencement of work on proposed nitrogenous-phosphate fertilizers plant until Sept. 30, 1965. Delay attributed to Bank's recent decision to change construction site from that originally planned to spot near developing Esso-Pappas industrial complex (American) at Thessaloniki for more efficient operation.

GUATEMALA—Importers no longer are required to make requests for foreign exchange through Bank of Gautemala; may now deal with any local bank. This liberalization of exchange procedures represents Government's desire to facilitate foreign trade.

INDIA—Exports in fiscal year 1963-64 (April-March) totaled record $1,699.5 million, resulting from increase in volume of goods exported. With imports at $2,375 million, trade deficit for 1963-64 was $706 million, $56 million less than in 1962-63.

Government-owned Hindustan Machine Tools, Ltd., (HMT), signs 7-year technical collaboration agreement with Manurhin firm of France. Agreement gives HMT exclusive license to manufacture, sell Manurhin's single spindle automatic lathes in India, Ceylon.

Government Coal Controller orders collieries producing metallurgical coal to restrict production to essential consumers' requirements, in order to conserve limited supply of coking coal by preventing diversion to non-metallurgical uses.

KUWAIT—Total imports for 1963 amounted to $323.7 million, highest in country's history. U.S. was leading supplier for 2nd consecutive year with goods valued at $66.4 million; United Kingdom, 2nd with total of $61 million.

LIBYA—Government to build $7 million sugar refinery near Tripoli. Plant will manufacture all Libya's sugar needs from locally grown beet. Preliminary agreement to design factory won by Polish firm, Polservice, State technical export branch. Project should be ready for Government to invite tenders by early 1965.

MALAYSIA—Central Government approves $1.3 million loan for development of new satellite town of Batu Tiga near Klang, located not far from Kuala Lumpur. Town to include 700-acre industrial estate, 200 of which are said to be booked already. Construction of fertilizer plant on site already begun. Modern, industrial residential town of Petaling Jaya, with 45,000 people, approx. 100 new industries, exhausted acreage earmarked for factory sites. Continuing pressure by manufacturers for new industry sites led to Batu Tiga development.

NETHERLANDS—April imports totaled $639 million, 32% rise over same period 1963. Exports reached $478 million, up 21% over April 1963.

Foreign exchange income from tourism reached over $207 million in 1963, 17% over 1962. Americans accounted for 13% of 1,641,000 foreign tourists. Dutch tourists abroad spent $221 million, up 20% from 1962.

Auxirap S.A. and Petropar S.A., both of Paris, form Petroland N.V., Rotterdam to prospect for all kinds of bitumens, such as crude oil, natural gas, on land, offshore.

SAUDI ARABIA—New Agricultural Credit Bank begins operations to extend interest-free loans to small farmers, groups interested in country's agricultural development. Bank also to guarantee loans made by other sources to same groups. Initial capitalization is $7 million with same amount in reserve, if needed. Bank has one branch in Riyad; branches to be opened in other cities.

SWEDEN—Contract to furnish Royal Swedish Navy with high frequency communications antennas for installation aboard submarines awarded to New Jersey division, International Telephone and Telegraph Corp. Contract co-ordinated through ITT's Swedish affiliate, Standard Radio and Telefon AB, Bromma (Stockholm).

SWITZERLAND—1963 paper industry output totaled 555,000 mt. Exports at 9,000 mt., were same as 1962; imports rose 45% to 80,000 mt., principally due to reduction of customs duty within the EFTA bloc.

Two million square meters or 35% of total floor space in Switzerland consist of parquet floors. Linoleum accounts for 30%; plastic flooring—25%; carpeting—10%. Floorings of vinyl, vinyl asbestos, polyvinyl chloride, resins, plasticides are in demand.

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the cover

What's the outlook for U.S. exports to Peru? To Switzerland? To Japan? To Algeria? To any of the more than 50 free world countries? This issue of International Commerce is devoted to reports of economic conditions and activities around the world in the past six months. The articles, based on Foreign Service reports from U.S. embassy and consular offices abroad, were prepared by experts in the Bureau of International Commerce. See pages 2 through 61.

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U.S. trade at record high

Exports in first 4 months at annual rate 17% higher than in January-April, 1963

By VICTOR O. McNABB
International Trade Analysis Division, BIC

U.S. trade, reflecting rising economic activity at home and abroad, advanced to a record high in the first 4 months of 1964.

Exports, excluding military grant-aid, climbed to an annual seasonally adjusted rate of $24.6 billion, 17% above the rate for the first 4 months of 1963.

Imports moved up to $17.8 billion, at the seasonally adjusted annual rate, about 8% higher than the comparable figure of last year.

In the 4-month period January-April, 1964, the trade surplus totaled $6.8 billion at a seasonally adjusted annual rate, $1.7 billion higher than the 1963 surplus of $5.1 billion.

Agricultural exports rise

Agricultural exports, which rose strongly in 1963, continued to advance during the first 4 months of 1964, and were 25% greater than a year ago.

Wheat exports, leading the advance in shipments of agricultural products, were almost one-third higher and accounted for most of the increase.

Most of the gain in wheat exports represented deliveries to the U.S.S.R., amounting to $100 million. Shipments to Japan also increased sharply as a result of a poor harvest there last year.

Significant increases in wheat shipments to Poland and India were offset by decreases in deliveries to Yugoslavia and Pakistan.

U.S. exports of meat, increasing since 1958, amounted to about $150 million in 1963. Prospects are favorable for continuing expansion of meat exports to Western Europe, because of rising demand and short supplies, and to Japan, where consumption of protein foods is increasing.

Pork shipments in January-April were sharply higher than a year ago, mainly to Japan, France, the Netherlands and Canada. France adjusted its inspection requirements to permit entry of pork from the United States for the first time since the postwar recovery period and also reduced its levy on pork compared with September, 1963.

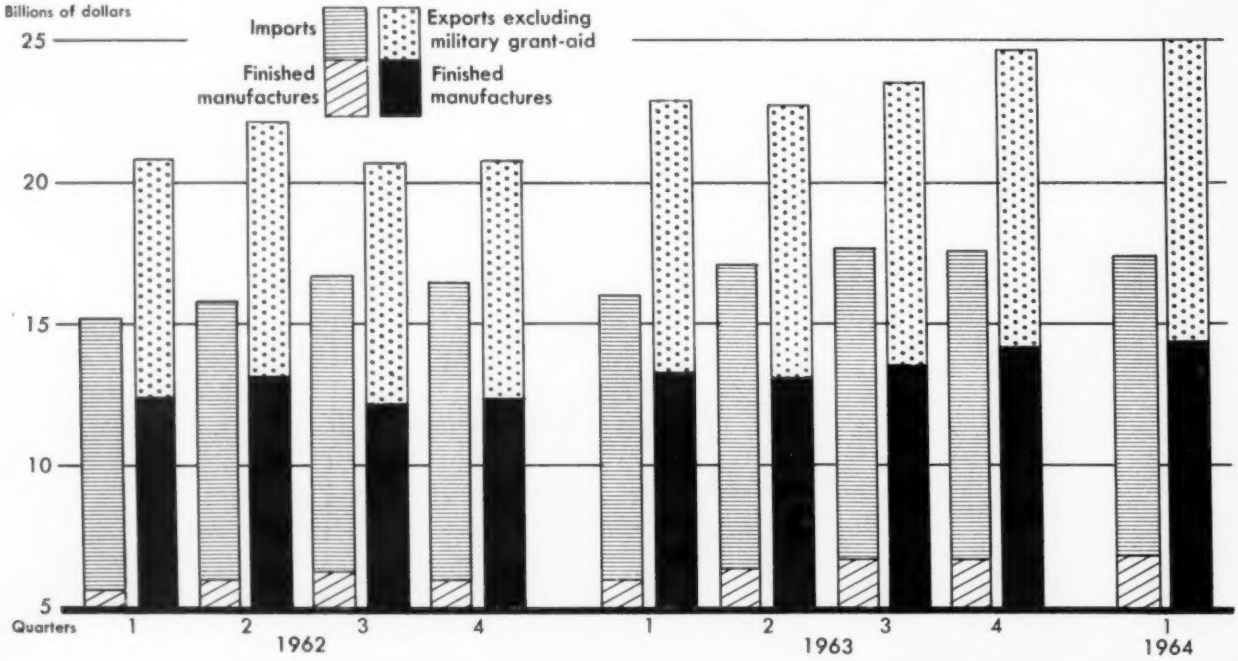
With world consumption of cotton expanding to a record level in 1963, world prices began to rise in the latter part of the year and U.S. prices became competitive early in 1964. As a result, sales abroad, in January-April, largely from Commodity Credit Corporation stocks, were one-third higher than in the first 4 months of 1963.

Increased sales were registered in Europe, Canada, Japan and Hong Kong. Since U.S. prices are expected to remain competitive for the current season, cotton exports should continue to rise this year.

U.S. exports of soybeans have more than doubled since 1958. For the Janu-

Overseas sales, proportion of imported finished goods go up

(Seasonally adjusted annual rates)



ary-April period, they rose by 33% over the same period a year ago. As a result of rising world demand, plus the expansion of market development programs, exports of soybeans in the calendar year 1964 are expected to continue to grow.

U.S. agricultural exports climb

Economic class	Exports, excluding military grant-aid Jan.-Apr. ($ millions) 1963	1964	% change	Imports for consumption Jan.-Apr. ($ millions) 1963	1964	% change
Total	**6,904**	**8,147**	**+17**	**5,372**	**5,910**	**+10**
Agricultural	1,699	2,119	**+25**	1,307	1,374	**+ 5**
Nonagricultural	5,205	6,028	**+16**	4,064	4,536	**+12**
Foodstuffs	1,169	1,434	**+23**	1,165	1,256	**+ 8**
Crude	675	898	**+33**	607	724	**+19**
Manufactured	495	536	**+ 8**	558	532	**− 5**
Crude materials	720	908	**+26**	1,089	1,063	**− 2**
Agricultural	511	662	**+30**	293	275	**− 6**
Nonagricultural	209	246	**+18**	796	788	**− 1**
Semimanufactures	995	1,240	**+25**	1,141	1,339	**+17**
Finished manufactures	4,020	4,565	**+14**	1,976	2,252	**+14**

Nonfarm exports expand

Responding to the trade promotional efforts of the U.S. Government, and to the buoyant demand in most areas throughout the world, U.S. exports of nonagricultural commodities in January-April increased by 16% over the corresponding period last year. More than half this increase was accounted for by expansion in finished manufacturers, primarily machinery and automotive equipment.

The backlog of unfilled orders for machinery has been rising steadily since last November.

In addition, export orders have been advancing for the last 5 quarters.

Because the increasing machinery exports, in all probability, represent deliveries against orders received during the second and third quarters of last year, it is more than likely that the expansion in machinery shipments will continue throughout 1964.

Machinery groups showing the swiftest rise in the first 4 months of 1964 were machines for special industries; agricultural machines (other than tractors); telecommunications apparatus; textile and leather machinery; power machinery, office machines and metalworking machines. Each increased by more than one-tenth. Canadian, British and Indian purchases accounted for the major portion of the dollar increase in machinery exports.

Exports of farm machinery rose sharply in 1963 and increased at an even faster pace during the first 4 months of 1964. Despite increasing competition from foreign manufacturers, prospects are that this year's shipments will exceed those of 1963.

U.S. leadership in research and development in electronic equipment is credited for the rapid rise in exports of telecommunications apparatus. Shipments of electronic telecommunications equipment advanced sharply in the first quarter of 1964 over the fourth quarter and were nearly one-third higher in the first 4 months than in the comparable period of 1963.

Rising consumer income and large road-building programs abroad are resulting in increased demand for automotive equipment. The advance in automotive exports last year was primarily in parts for assembly.

In the first 4 months of this year, however, sharp increases in exports of new trucks and cars, as well as parts for assembly, were reported, as compared with the same period in 1963. Shipments to Latin America, the United States' best market for trucks, accounted for much of the rise. Most of the gain in exports of parts for assembly went to Canada.

Imports begin to rise

Imports did not keep pace last year with the rise in business activity in the United States. They remained at a relatively stable level from February, 1963, through February, 1964. It was not until March that imports rose significantly. The advance, although not as great, continued through April.

Most of the increase in imports in the first 4 months of 1964 was in finished manufactures, which have accounted for an increasing proportion of our imports in the past several years. These gains in finished manufactures were distributed widely over a number of machinery items and consumer goods.

Imports of machinery, rising steadily in the past 6 years from $280 million to $1 billion in 1963, advanced by one-fifth in the first 4 months of this year as compared with the same period in 1963.

Leading the advance this season were power generating equipment, a variety of machines for special industries, other nonelectrical equipment and miscellaneous parts.

Deliveries of power generating equipment were almost five times greater than a year ago. These imports, requiring lead time up to 3 years and arriving at irregular intervals, are few in number, but highly variable in value.

Most of the increase was in deliveries of hydraulic turbines from Canada, built in plants owned by U.S. or British firms. Gains also were registered in the first 4 months in imports of steam turbine equipment purchased in the United Kingdom by the Tennessee Valley Authority 3 years ago.

Foreign car purchases, another important element in the enlarging imports of finished manufactures, began rising slowly again in 1962 and continued their upward trend through the first 4 months of 1964.

Although the annual rate of new car imports in the latter period was one-third lower than the high mark set in 1959, the gain over the like period of 1963 was 16%.

Doubtlessly noting the trend toward larger sized American compacts, foreign car makers were aggressively stepping up their efforts to promote sales to capture a larger share of the U.S. market.

Volkswagen, the pacesetter, which reportedly has 60% of our foreign car market, increased its dealerships in the United States from 687 to 744 in 1963 and expects to have 900 by the end of 1964.

Textile imports decline

As a result of restrictions imposed under the Geneva Long-Term Arrangement Regarding Cotton Textiles, imports of cotton textiles fell by 10% in the third quarter of 1963. These imports declined further in the fourth quarter and again in the first quarter of 1964, when they were 6% less than a year ago.

Deliveries from Japan, Hong Kong, India, Portugal and the Republic of China, the five principal suppliers which account for two-thirds of our cotton textile imports, fell by 12%. Imports of carded sheeting and carded fabrics, two categories which represented more than one-fourth of the total imports, were reduced significantly.

Rising imports of iron and steel-mill products, which were one-third higher than a year ago, include substantial quantities of finished manufactures in the form of tubes, pipe fittings and structural shapes.

These imported products are largely standard sized, easily made, off-shelf items, in contrast with the iron and steel products exported by the United States. The U.S. products tend to consist of plate, sheets and items more difficult to manufacture.

Imports of the latter items though lower in dollar value, also rose. Recent price cuts in wire rod and coarse wire by U.S. producers may indicate they intend to compete more vigorously for these products.

Almost one-third of the increase in imports of semimanufactures was accounted for by nonferrous base metals, imports of which were 23% higher in January-April 1964 than a year ago. This was equal to an annual rate approaching $1 billion, four-fifths greater than the peak of 1960.

Advancing fastest in this group were imports of copper. Copper imports in the first 4 months of this year rose to record levels, reflecting sharp stepped-up demand and price increases which occurred in March.

Increased demand for aluminum likewise caused imports to rise 48% above the January-April 1963 total. Lead and zinc imports, reflecting the booming automobile production, were significantly higher. Rising demand and a squeeze on supplies tripled imports of platinum and pushed the selling price of major refiners to the highest mark since early 1957.

Coffee imports advance

Imports of foodstuffs increased by 8% for January-April 1964 over the corresponding period of 1963, with coffee accounting for most of the rise.

Arriving in larger quantities at higher prices than a year earlier, coffee imports were spurred by fears of a short Brazilian crop and anticipation of further price increases.

Sugar imports fell off considerably in the fourth quarter and again in the first quarter of 1964. The 25% decline in the first 4 months as compared with the same period of 1963, undoubtedly can be attributed to the sufficiency of stocks on hand, now at record levels; growing competition from beet sugar and other sweeteners, and the improved supply situation.

Purchases of foreign fresh meats, which had been advancing rapidly in the last 3 years, fell off in the fourth quarter of last year and continued to decline in the first 4 months of 1964. Deliveries were smaller than anticipated under the agreements signed in February 1964 with Australia and New Zealand, voluntarily limiting exports to the U.S. markets.

Imports of crude materials, on a generally downward trend since 1959, were slightly lower in the first 4 months than in the comparable period of last year.

This decline stems from a gradual shift away from imports of crude materials, toward imports of goods processed from such materials, as well as their replacement by substitute commodities. Among the commodities that declined were uranium ore, crude rubber, unmanufactured wool, textile fibers and crude oil. Imports of wood pulp, iron ore and undressed furskins were higher.

Exports to industrial countries

Exports to both the industrial countries and nonindustrial countries in the first quarter of 1964, seasonally adjusted, were significantly higher than the corresponding period a year ago. Small gains over the last quarter of 1963 were recorded for both groups of countries.

More than half of the increase in U.S. exports for the first quarter of 1964 over 1963 was accounted for by shipments to the industrial countries. Canada showed the largest gain, followed by Continental Europe.

Rising business activity in Canada in the latter part of 1963, increased foreign exchange earnings from sales of wheat, and the elimination of import restrictions were instrumental in increasing Canadian purchases of U.S. goods in 1963 to an all-time high of $4.1 billion.

This expansion continued through the first quarter of 1964 when such exports, at the seasonally adjusted annual rate, were $500 million higher than the 1963 record. The rise in the first quarter of 1964 over the last quarter of 1963, however, was $160 million. Capital equipment, particularly machinery, and to a lesser extent automotive parts for assembly, accounted for most of the rise.

The continuing expansion of business activity in Europe has caused exports to Continental Europe to expand sharply over the past 4 quarters to a seasonally adjusted annual rate of $6.1 billion in the first quarter of 1964. This is 15% above the rate for the first quarter last year, but only slightly above the last quarter of 1963.

Trade outlook

***International* Commerce on the following pages reports current economic conditions and the outlook for U.S. trade in the majority of countries with which U.S. firms do business.**

The reports, written by country desk officers in the Office of International Regional Economics of the Bureau of International Commerce (BIC), are based on data submitted by U.S. commercial officers overseas, and on other authoritative sources.

Accompanying the articles is data showing the percentage share and dollar value of each country's imports from the United States last year and the values of such imports for the first quarters of 1963 and 1964.

For the majority of countries, the information was obtained from official foreign country statistics, valued c.i.f. For countries on which recent statistics were not available, the figures were taken from U.S. Bureau of the Census export data, valued f.o.b. These figures are marked by an asterisk (*).

In a few instances, where full-year 1963 statistics have not yet been received from foreign sources, the percentage share refers to the latest available 12-month period.

Deliveries of industrial supplies, which account for 40% of U.S. sales to Europe, were markedly higher. Exports of machinery and consumer goods were significantly greater than in the first quarter 1963.

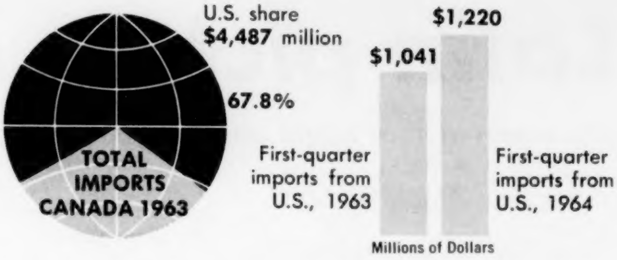
Stockbuilding and increasing purchases of machinery have dominated the United Kingdom's purchases from the United States since late 1963. The seasonally adjusted rate of exports to the United Kingdom in the first quarter was one-fourth greater than the $1.2 billion total last year and about one-tenth larger than in the fourth quarter.

Further growth in industrial production and consumer demand in Japan boosted that country's purchases from the United States in the first quarter to a seasonally adjusted annual rate of $1.9 billion, 9% above the record level of 1961 but below the peak reached in the fourth quarter of 1963.

Two-thirds of the increase in exports to Japan was in foodstuffs. Deliveries of industrial supplies, which account for half of U.S. sales to Japan, continued to rise. Machinery exports to Japan, which had declined last year, advanced sharply in the first quarter.

Canada

Economy at new high with prospects best for production goods, durables



By W. R. MARONEY
European Division, BIC

U.S. trade with Canada has broken new ground this year.

U.S. exports for January-April reached a value of $1,562 million, including the special categories. General imports reached a value of $1,287 million. These figures compared with $1,268 million and $1,162 million, respectively, in the first four months of 1963.

Export trade, particularly, is maintaining the strong advance of the later months of last year. April exports set a new monthly record at $439 million.

U. S. general imports, $946 million in the first quarter, were not as strong as exports but were well maintained with a 13% advance over first-quarter 1963.

Economic activity in North America and in the world favors further U.S.-Canadian trade gains in 1964. Some Canadian observers expect the gross national product for the year to increase more than the 5½% forecast in the March 16 budget.

Watch closely

Because of the already exceptional length of the period of expansion, however, developments are being watched closely for signs of change.

The seasonal rise in employment in April, the latest month reported, was somewhat less than the average of past years for that month. The industrial production volume index for March was down 1% from February.

The rise in U. S.-Canadian trade is part of an impressive advance in Canadian trade with the world. The Canadian dollar-value of exports to all countries in January-April was 22% above last year's returns for those months. January-March imports were up 18% over the 1963 quarter.

With imports higher, the trade gap with the U. S. is again widening against Canada but Canada's world trade continues to record substantial surplus.

Wheat shipments

Heavy shipments of wheat contracted by the U.S.S.R. and Eastern Europe last summer are the largest single feature of Canada's overseas business. Demand for resources exports is large from many countries and a wider range of manufactures is being shipped abroad.

Canadian industry continues to profit from the improved competitive position acquired from 1960-62 currency depreciation. In the Canadian market, foreign—including U. S.—exports still feel the currency differential as a sales handicap.

However, prolonged demand for Canadian production and the gains made in Canadian consumer income appear to be restoring the position of many items of traditional U. S. participation.

Machinery spurts

Machinery, the largest group of U.S. exports, is about a third higher than last year, with increases in metal-working, mining, paper-making, leather, textile and container and packaging machinery, as well as pumps, industrial furnaces, valves and tools.

These gains, although still somewhat selective, reflect a broadly-based expansion of Canadian industrial capacity. The resources industries are sharing in this expansion in pulp and paper in New Brunswick and British Columbia and further iron-ore and petroleum development.

Electrical machinery showing increases include motors; starting, indicating and control equipment, and electronic lines. Office machinery exports, partly constituted of parts for Canadian production, have gained substantially.

Record construction

Construction machinery—cranes, trenchers, excavators, and industrial trucks and tractors—are uptrending in keeping with the record being set in Canadian construction contracts this year.

The advance also continues in U. S. export of agricultural machinery, especially tractors. The wholesale value of Canadian sales of farm implements and equipment in first-quarter 1964 was 25% above first-quarter 1963.

Canadian farm income is at a new high and prospects for further rise are considered good. However, wheat exports for the crop year to begin Aug. 1 are not now expected to duplicate the extraordinary 550-million-bushel volume programmed for the current year. Prairie Provinces farmers, however, are optimistic and have expanded their acreage for the seventh successive year.

Bellwether

Canadian personal income after taxes has risen 15% in the past 2 years. As in the U.S., the automotive industry has been the bellwether of consumer prosperity. With Canadian demand for cars still very strong, there has been another sharp advance in U. S. exports of automotive parts, mainly for assembly in Canadian plants. The dollar increase in these is governed by the increase in Canadian factory shipments of cars and trucks—21% for the 5 months ended May.

Canada's automotive industry is now shipping finished cars to the United States as a result of the removal of Studebaker operations to Hamilton. Adoption of a Canadian tariff-rebate scheme for motor vehicle producers has been followed by increased U. S. imports of parts.

Other consumer items

Gains in other consumer durable exports have been more moderate than in automobiles, although Canadian production activity in some of these lines has ranged 20% higher than a year ago.

Trade in refrigerators and household appliances in general was relatively hard-hit by the Canadian tariff surcharges of the 1962-63 exchange emergency period. These held through first-quarter 1963, and the extent of their improvement in 1964 is still limited except for production components.

That part of the first-quarter export which was not capital goods and consumer durables gained about 20% in dollar terms over first-quarter 1963. Rising Canadian income apparently extended the advance in fresh fruits and vegetables.

In textiles, cotton fabrics have continued weak while exports of raw cotton for use by Canadian mills have increased.

Among industrial raw materials, some revival has been recorded in steel. Chemical exports have made an overall sustained rise in spite of declines in organics and plastics.

Latin picture improving

U.S. exporters face bright prospects but may encounter trade impediments

By staff members
American Republics Division, BIC

United States exporters can look forward to brighter prospects in Latin America during the remainder of 1964 and in 1965.

Exports to the area during the first four months of 1964 increased by about 11.2% over the same period of 1963. Total exports in 1963, by comparison, decreased by about 1.5%.

Sales in Latin America dropped off in 1963 for several reasons. At the same time, increased prices on some commodities offset lower volume. The outlook for 1964 is for improved sales, however.

Instability shakes confidence

Unsettled political conditions in scattered parts of the area during the past several years had shaken both domestic and international business confidence and had cooled investor interest.

This not only decreased the amount of exchange available through foreign investments, but also lessened the value of capital goods exported from the U.S. as part of investments. In several major countries, such as Argentina and Brazil, this has formed a sizeable portion of U.S. exports in the past.

A number of political developments, such as the peaceful elections and transfer of government in Argentina and Venezuela and the action of the Brazilian people to protect their Constitutional way of life, have done much to restore business confidence in the area.

Although several major nations, notably Argentina and Brazil, continue to suffer serious economic and fiscal difficulties, their outlook has improved considerably. Continued developments and advancement in a number of countries—Mexico, Peru and Venezuela among them—offer increased opportunities for U.S. exporters.

Renewed emphasis on the Alliance for Progress, especially on its private sector, will add to the opportunities for trade in the area.

In addition to the effect of continued direct expenditures within this program, the revival of private investment interest can result in immediate sales of capital goods and future sales of components, supplies and raw materials. This will strengthen commercial ties with the area for many years.

Still face impediments

The exporter still will be faced with trade impediments which, in some countries, must impress foreign traders as coming in case lots.

Some of these restrictive non-tariff trade barriers have been removed by several countries in the past year, but several new ones have been adopted by others. Because most of these are applicable to imports from all sources, however, they usually are not a major competitive factor.

The main impediments to increased sales in Latin America are the better prices, more favorable credit conditions and the more flexible sales conditions offered by competitors from Europe and Japan.

Exports increased in 1963 to all countries except Argentina, Brazil, Chile, Haiti, Nicaragua and Uruguay. But the decreased sales to these six nations more than offset the increased sales to the others. The drastic reduction from $380 million to $189 million in shipments to Argentina was a major factor.

Mexico, which imported $827 million worth of U.S. goods, continued as the largest consumer of American products in Latin America. She was followed by Venezuela, with $507 million; Brazil with $377 million, and Colombia, with $240 million.

Venezuela chief supplier

Venezuela remains the principal Latin American supplier with U.S. imports valued at $937 million. Next came Mexico, with $594 million; Brazil, with $562 million, and Colombia, with $249 million.

Export statistics for the first four months of 1964 show that all but three countries increased their purchases from the United States.

Brazil was down $33 million or 22.7%; Panama, $1.9 million or about 5.3%, and Uruguay, $.9 million or about 8.6%.

Greatest increases in exports were registered in Mexico, up $59.7 million or 23.2%; Venezuela, up $28.5 million or 18.8%; Peru, up $13.1 million or 22.5%; Colombia, up $12.8 million or 19.6%; Argentina, up $10.6 million or 18.3%; the Dominican Republic, up $9.7 million or 32%; Ecuador, up $8.7 million or 53.9%, and El Salvador, up $6.1 million or 42.4%.

At the same time imports from the area continued to rise, increasing by 1.9% to $3,451 million in 1963, and by about 5.9% during the first four months of 1964.

All countries enjoyed this greater participation in the U.S. market thus far this year except Argentina, Chile, El Salvador, Guatemala, Haiti, Nicaragua, Peru and Uruguay.

Major increases in imports were in the trade with Mexico, up $33.5 million or 14.7%; Brazil, up $25.7 million or 15%; Colombia, up $17.5 million or 26.4%; Costa Rica, up $7.6 million or 58%; the Dominican Republic, up $8.2 million or 25%, and Bolivia, up $4.1 million or about 102%.

All major commodity groupings show increased U.S. exports in the first four months of 1964.

The greatest increases in value were in machinery and transportation, which increased by $53.1 million, or 12.4%; manufactured goods, $20.3 million or 10.6%; chemicals, $16.5 million or 14.1%; food and live animals, $15.5 million or 14%; inedible crude materials, $13.1 million or 35.7%, and animal and vegetable oils and fats, $5 million or 102%.

General outlook

General outlook for exports to Mexico and Venezuela is for continued improvement, especially in capital goods.

Moderate increases in value can be expected for sales to the Central American republics, although a slight decrease in the percentage share of that market is possible.

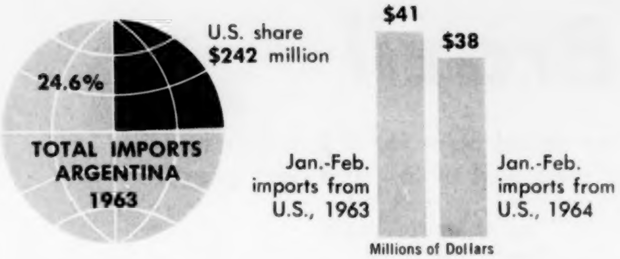
The unsettled situation in the Dominican Republic and the new trade controls make the market potential unpredictable.

Because of the continuing exchange shortage and the general business slowdown until the September elections, improvement of trade with Chile cannot be expected during the remainder of 1964.

Both Argentina and Brazil probably will increase imports from the U.S. in the last half of 1964 and 1965. Moderate increases can be expected in Peru and Colombia.

Argentina

Pickup in some sectors sparks demand for raw materials, semi-manufactures



By J. M. VON STROEBEL
American Republics Division, BIC

Prospects for U.S. export sales to Argentina are uncertain. Unsettled local conditions are discouraging investment—a situation which could be reflected in a fall off in imports of capital equipment.

A pickup in some sectors of the economy, however, is generating increased demand for imported raw materials and semi-manufactured or component parts for further processing or assembly locally.

The Argentine Government expects to have ready by mid-year the outline of a 5-year development plan, for which it hopes to obtain multimillion dollar external financing. Implementation of such a program would result in increased trade opportunities.

In November, 1963, a ban was placed on importation of many articles, including machinery and industrial equipment, which have been the main fields of U.S. exporter interest. The ban was lifted in April, 1964, and a renewal of sales can be expected this year as the economy continues to pull itself slowly out of the recession.

Improvement in the agricultural sector and promise of another year of fine harvests have brightened considerably the outlook for increased domestic industrial sales, especially in farm machinery and vehicles.

Trade balance favorable

Argentine exports valued at $1,366 million and imports valued at $981 million resulted in a favorable trade balance of $385 million for 1963. This compared with an unfavorable balance in 1962 of $141 million, and in 1961 of $496 million.

The favorable balance resulted from a drop of 27.7% in imports to a 9-year low, accompanied by a 12.3% increase in exports to a record high.

Import reductions were registered in all categories during 1963. Sharpest reductions were in the key sectors of machinery and vehicles, down 35.5% to $481 million; iron and steel, down 29.7% to $102 million, and fuels and lubricants, down 37.3% to $57 million.

The favorable increase in exports was attributed to heavy shipments of meat, up 46% to $334 million; various manufactured products, including large amounts of sugar, up 349% to $129 million; livestock by-products, up 44% to $29 million; fish and game, up 85% to $9 million; and livestock on the hoof, up 18% to $33 million.

Wool prices rise

Although wool exports decreased in amount, a rise in wool prices increased the value of exports by 11% to $161 million. Shipments of cereals and linseed showed a marked decrease, down 18% to $282 million, as did other arable farm products, down 8% to $219 million, and hides, down 15% to $78 million.

The increase in exportation of miscellaneous manufactures was one of the most outstanding aspects of Argentina's foreign trade in 1963. The increase resulted partly from inclusion of processed sugar in this category, but also from Government incentives for non-traditional exports and the increased sale abroad—at times even at a loss—of manufactures which the sluggishly moving economy could not absorb. This trend may diminish somewhat as the economy improves and local market demand recovers.

U.S. share down

Argentine-U.S. trade for 1963 gave the U.S. a favorable balance as usual, but the margin was reduced drastically, from $308 million in 1962 to $92 million.

Argentine data show that imports from the United States totaled $242 million, down from $396 million in 1962 and from $383 million in 1961. Argentine exports to the United States improved from $84 million in 1961 and $88 million in 1962 to $150 million in 1963.

U.S. statistics for the first 4 months of 1964 indicate that exports to Argentina totaled $69 million, compared with $58 million in the same period of 1963. Imports from Argentina reached $42 million, compared with $43 million in the same period last year.

The United States was not alone in its loss of trade with Argentina. Argentine imports in 1963 were down from all major supplier nations except for a small increase from $121 million to $128 million from Italy.

Argentine exports were up to almost all major customers, with the largest increase in exports to Italy. These totaled $212 million, as compared with $139 million in 1962.

Only Germany and The Netherlands showed major decreases in purchases.

Argentine 1963 trade balances were favorable with all the regional groupings—Latin American Free Trade area, $84 million; European Common Market, $274 million, and the European Free Trade area, $101 million.

Inflation continues

Inflation has been a feature of the Argentine economy for many years, with only the degree varying. Basic causes, such as large fiscal deficits, massive wage increases and artificial international exchange rates, have persisted through changes of governments and economic policies, with continuing monetary instability.

The official cost-of-living index with a base year of 1960 as 100 shows a continuous rise to 180.7 for the year 1963, to 211 in December 1963 and 215.8 in April 1964.

The Government, in approaching the problems facing it, has resorted to controls. In April, foreign exchange regulations were instituted.

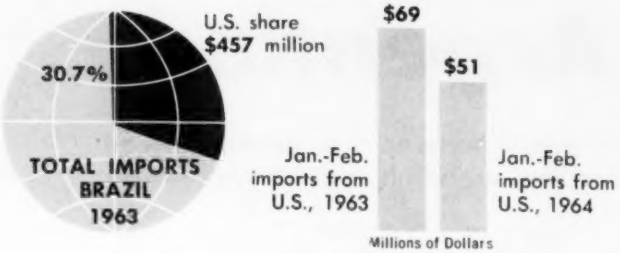
In May, decrees were issued to regulate the domestic and international beef trade.

More controls

Because these controls had a counter productive effect and actually increased prices, more extensive controls have been established. In June, minimum wage law and minimum prices on articles of primary necessity and construction materials also were established.

Foreign investors take a watch-and-wait attitude regarding Argentina. The internal struggle between the radical and moderate elements of the Administration, the trend toward increased Government controls in the economy, and the sluggishness of economic recovery are not conducive to improving investor confidence, in spite of several recent decrees for investment promotion.

Brazil



Increased pace for U.S. exports seen in last half of '64 and next year

By GERTRUDE HEARE
American Republics Division, BIC

U.S. exports to Brazil in the last half of 1964 are likely to be at a somewhat higher pace than in the first half, although the total for the year may not exceed the 1963 level. Indications point to an increase in 1965.

The inflationary spiral in Brazil intensified in late 1963 and early 1964, and the tenuous international payments situation worsened despite the increase in coffee prices.

These conditions, coupled with political uncertainties and a decline in domestic and international business confidence, were important factors in restricting the flow of U.S. exports to Brazil in the early months of 1964.

President Castello Branco—elected by the Congress to replace the deposed Chief Executive, President Goulart—was inaugurated April 15. Among the most pressing financial problems faced by the new Administration are the control of internal inflation and renegotiation of the country's foreign debt.

Brazilian businessmen in general anticipate that, as the Government implements a corrective economic program, a temporary slowdown of commercial activity will ensue.

The improved business climate under the new Administration is expected to result in the near future in increased trade opportunities. A gradual improvement in the investment climate also is anticipated.

The degree of success attained by the Brazilian Government in carrying out a stabilization program and improving the balance of payments position, as well as in obtaining increased international creditor support and restoring investor confidence, are primary factors affecting the prospects for exports to Brazil.

Loans and credits to Brazil under the Alliance for Progress program have been on a restricted basis because of the failure of the former Government to carry out an effective stabilization effort.

U.S. sells essentials

U.S. sales to Brazil, except for wheat and fuels, are limited almost entirely to capital equipment, industrial raw materials and highly specialized classifications. Tariff and exchange controls in general make importation of consumer and light industrial goods commercially infeasible.

Exporters must be prepared to meet strong competition from other foreign suppliers to the Brazilian market. Aggressive salesmanship is needed. Pricing, credit terms, availability of long-term financing, flexibility in meeting the buyers' requirements and provision of competent and willing post-sales servicing are vital areas in which the situation is keenly competitive.

Bureau of the Census data show that Brazil is the third largest market for U.S. goods in Latin America. U.S. exports to Brazil of $377 million in 1963 were reduced from $425 million in 1962, which in turn was a decline from $494 million in 1961. Exports to Brazil in January-April 1964 totaled $113 million, or a monthly average of $28 million, compared with an average of $31 million in 1963.

Chief U.S. exports

Principal commodity groups represented in U.S. exports in 1963 were as follows, with the comparable data for 1962 in parentheses:

Wheat, 21.7% (18.1); industrial machinery, 17.4% (19.9); chemicals and related products, 12.9% (13.2); transport equipment, 10.4% (12.3); coal and lubricants, 6.9% (7.2); electrical machinery, apparatus and appliances, 6.6% (6.0); agricultural machinery and implements, 3.0% (3.4); steel mill products, 2.2% (2.9); professional, scientific and controlling instruments, 1.9% (1.8); office machines, 1.9% (1.2); and nonferrous metals, 1.7% (1.6). Commodity groups enumerated accounted for 86.6% of the value of U.S. exports to Brazil in 1963 and 87.6% in 1962.

The value of imports into the United States from Brazil totaled $564 million in 1963, up from $544 million in 1962, and in January-April 1964 registered $196 million, compared with $171 million in the corresponding period of last year.

Coffee represented 66.7% of the trade in 1962, 64.6% in 1963 and 77.4% in January-April 1964. Sugar was the next most important commodity, followed by manganese ore, cocoa beans and cocoa butter, castor oil, sisal, Brazil nuts and carnauba wax.

U.S. share declines

According to Brazilian trade data, the country's imports from all sources in 1963 totaled $1,487 million, up slightly from $1,475 million in 1962. Exports increased to $1,406 million from $1,214 million in the preceding year.

Imports in the first 2 months of 1964 fell to $184 million, from $210 million in the like period of 1963, and in the same months exports rose to $206 million from $182 million in the preceding year. The U.S. share of the Brazilian import trade was 31% in 1962, 30.7% in 1963, and 27.7% in January-February 1964.

The new Administration in Brazil is attempting to bring inflation under control and at the same time institute measures to renew economic growth, which dropped from a rate of 7.7% in 1961 to 2% in 1963.

Negative factors affecting industry which were evident in 1962 and accelerated in 1963 were political uncertainties, high inflation rate (80%), virtual cessation of the inflow of foreign capital investments, and severe restrictions imposed on imports because of the international payments situation.

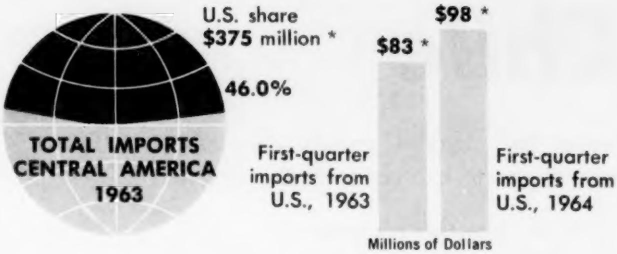
Government objectives

The Minister for Economic Planning recently outlined Government objectives as encompassing a large-scale urban housing program, encouragement of manufactured exports, creation of an atmosphere of confidence which would encourage local business and industry to reinvest profits and expand operations, and re-establishment of the country's international credit rating to reactivate foreign investments and loans.

Administration measures already sent to Congress or in an advanced state of preparation include bills concerned with emergency revenues, banking reform, agrarian reform, housing and administrative reform.

Central America

U.S. sales volume up; market share dips as Common Market takes hold



By F. J. TOWER
American Republics Division, BIC

Moderate increases in U.S. exports to Central America following the long term upward trend in dollar values can be expected in the coming months. For the region as a whole, a slight decline in the percentage of the market held by U.S. goods may occur, in line with past performance.

Exporters should be able to increase sales by studying credit and sales terms, quoting c.i.f. prices at the Central American point of entry and, where possible, carrying on correspondence in Spanish.

Growing industrialization in Central America and the large increase in intraregional trade in the past 3 years have led to a change in both the type of goods exchanged and the relative importance of Central American markets in the foreign trade of each country.

While light consumer industry products and the traditional agricultural trade are most important, assembly industry and more complex finished products are assuming more prominence.

Examples of local products which affect the composition of U.S. exports are television assembly in Costa Rica and Guatemala, and fertilizer production in Costa Rica and El Salvador.

Want stronger ties

The May trip which Secretary of Commerce Hodges and a group of trade, investment and travel experts made to Central America demonstrated U.S. interest in strengthening commercial ties with the area. A Department of Commerce Trade Mission will take business proposals to each of the countries this month and next, returning with leads developed in the region.

Guatemala—Sales are up locally, and the majority of the business community is optimistic. Continued high imports are likely, as the end of the first quarter of 1964 marked the completion of a year of political stability and a return of confidence to businessmen and manufacturers.

The U.S. share of the Guatemalan market during the first nine months of 1963 was 48%. Guatemalan preliminary figures show 1963 exports of just under $140 million, the highest level in 10 years. Imports were about $145 million. The market for U.S. products will be good, and the November U.S. exhibition should awaken interest in new U.S. products.

El Salvador—Businessmen are optimistic in all branches of commercial and manufacturing activity. Preliminary estimates place the U.S. share of imports at 34% for the first quarter.

Because of increased Salvadoran imports, particularly from Guatemala and Honduras, this percentage is equal in dollar value to the 44% share of the market which the U.S. had in first quarter 1963. The German and Japanese share declined slightly because of growing Salvadoran trade with Central American Common Market partners, as area integration proceeds.

First-quarter 1964 imports were $38 million, a record. Imports continue to increase and may be on their way to a record year.

Exports for the first quarter were almost $55 million, about the same as first quarter 1963.

New industrial investment is expected to increase sharply in the remainder of the year, spurred by the $4.5 million AID industrial development loan. This should present opportunities for exporters of machinery and equipment for the new plants.

Honduras—Commercial activity is expected to remain at normal levels following a generally good Christmas season. This, combined with the expected increase in private investment in the months ahead, should offset the expected decline in public investment and continue to provide good sales prospects, if political stability prevails.

Honduran foreign trade figures show imports of $95.1 million (c.i.f.), up 19% over 1962, and exports of $83.5 million (f.o.b.), up 6%. Increasing Honduran imports of manufactures, processed and semiprocessed goods and foodstuffs from Central America accent the changing nature of Honduran imports from the U.S.

Nicaragua—U.S. share of the $88.5 million Nicaraguan market for the first 10 months of 1963 was $42.5 million or 47.8%, according to Nicaraguan figures. This is a continuation of the long-term decline which has been taking place since the end of World War II, when the U.S. share was more than 70% of the Nicaraguan market.

The cotton boom and mechanization of farming are playing an important part in agricultural expansion. U.S. business must be alert to price competition from Europe and Japan to retain its traditional position in this market.

Costa Rica—Commercial activity in the heavily populated central plateau region around San Jose was off in January, then resumed the upward trend it displayed in late 1963.

Agriculture, the mainstay of the economy, has been adversely affected by the prolonged dry spell and by 15 months of volcanic ash fallout from Irazu, but the extent of damage is hard to assess accurately. Indications are that the $60 million and 48.5% U.S. share of this market in 1963 will remain approximately the same in 1964.

Panama—The economy experienced high, and in some cases record, levels during 1963, especially in the latter part of the year. Imports and exports showed highs over 1962 levels and industrial production rose.

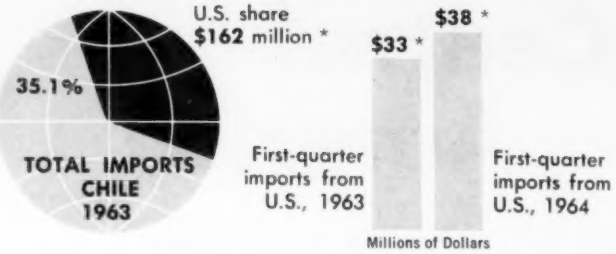
The January riots and disturbances and the subsequent rupture of Panamanian-U.S. relations had serious repercussions in nearly all sectors of the Panamanian national economy.

Re-establishment of diplomatic relations and the election of Administration candidate Marco A. Robles have strengthened business confidence and brightened the economic outlook.

Despite improvement, bank credit remains tight, and 1964 economic and commercial levels are not expected to equal those of 1963.

Chile

Need for capital goods continues but country has assorted trouble



By BERNARD J. CAHILL
American Republics Division, BIC

No marked change in the level of U.S. exports to Chile is expected in the last half of 1964.

Some note of encouragement to U.S. traders may be found in the rise in U.S. exports to Chile during the first four months of the year. U.S. shipments to Chile were reported at about $51 million in January-April 1964, as compared with $46 million in the same period last year.

However, continuing inflation and foreign exchange shortages, together with the general pause in business activity until the September presidential election, do not point to any improvement, at least for several months.

Last year, Chile imported U.S. goods valued at $224 million. Although this is $24 million above 1962, it is near the steady level that has been recorded in recent years. Over these same years the U.S. share of Chile's total imports has dropped from about 51% in 1958 to 35% in 1963.

Troubled land

The outlook for Chilean business is not at present particularly favorable. The country is troubled by rising living costs, lagging salaries, slow retail sales, prospects of production cut backs in domestic industry, limited credit and an unfavorable trade balance.

The official cost-of-living index increased more than 50% in the 12 months ending in April, 1964, but the May increase was only 1%, the smallest monthly rise in about 2 years.

Industrial output gained some in recent periods but the 1963 rise of only a few percentage points was not encouraging. Copper and iron ore output also increased slightly in 1963. Petroleum production was up more significantly. The construction industry has showed a slowdown and may not begin to register any gain until next year.

The much-discussed tax reform measure became law in February. Official estimates place increased government revenue at about 70 million escudos as a result of the revised taxes and related administrative improvements in collection.

A 2 cents-a-pound tax on unrefined copper will go into effect next year. This new tax is aimed primarily at inducing copper producers to refine more of the metal in Chile and only incidentally to obtain additional government revenue.

U.S. supplies

Despite the difficulties exporters encounter in Chile—internal business conditions, political conditions, trade restrictions, payment delays, import documentation procedures and third-country competition—the United States supplies substantial quantities of goods to the country.

Among the principal products shipped in 1963 were machinery and transport equipment ($81 million); chemicals, drugs, fertilizers and plastic materials ($20 million); wheat and wheat flour ($6 million); refined petroleum products ($4 million); cotton ($3.5 million); rubber manufactures ($2 million), and metal manufactures and other miscellaneous goods.

Continuing needs

Chile's development plan is moving ahead and the need for capital goods and raw materials from abroad will continue. International lending agency, U.S. official and private credits are being supplied to assist Chile in both its long-run development effort and its immediate needs. Among recent important credit and financial assistance actions are a $70 million U.S. loan package, much of which is to be used to pay for imports from the United States; a credit of $7 million for the purchase of U.S. goods and services for port construction; a loan of $3 million for feasibility studies of development projects suitable for foreign investment; a credit of $9 million for low cost housing; a $10 million credit for middle income housing; a $6 million credit for industrial development; a $2 million credit for water supply systems; a $1 million credit for hospitals; substantial credit arrangements with private banks, and a $25 million currency stabilization standby agreement with the International Monetary Fund.

The Chilean Central Bank is trying to provide for the settlement of long-overdue commercial debts and to ease some of the import documentation problems, two matters that have served to discourage U.S. exporters.

Reasons for loss

The reasons for losses to European, Japanese and LAFTA suppliers may be summarized as follows:

Lower prices of certain foreign goods.

The Chilean importer's willingness to sacrifice quality for price, or his inability to pay extra for more sophisticated and initially more costly machinery.

Preferential duties and charges afforded under the LAFTA agreement.

Attractive credit offers of some European countries for capital goods purchases.

Reluctance of U.S. credit institutions to extend credit because of Chile's balance of payments difficulties or commercial payments arrearages.

Reversion of Chile's trading interests to pre-World War II patterns.

Important products

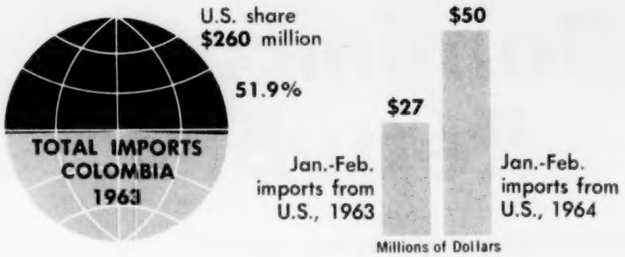
According to a survey by the American Embassy in Santiago, products of importance in U.S. trade with Chile—but which have suffered substantially because of third-country inroads in the market—include agricultural machinery, such as cultivators, harrows, spreaders and combines; railway rails and locomotives; electric motors and generators, and the general category of machinery and apparatus for offices and industry.

As has been pointed out by the Embassy before, doing business in Chile is more a financial that a commercial matter. The payments problem looms large but it is seldom the fault of industrial or commercial importers who must wait upon their government for foreign exchange.

Patience and understanding must be coupled with judicious selectivity regarding credit risks and more liberal credit terms. They will pay off in the long-run.

Colombia

New projects, industrial needs may bring record level of U.S. sales



By HERBERT A. LINDOW
American Republics Division, BIC

The outlook for increased trade with Colombia appears very favorable for the remainder of 1964.

Confidence in both the near and long term future of Colombia continues on the part of investors and the international financial community. Their attitude prevails despite such difficult problems as tight bank credit and a continuation of the upward spiral in the Colombian cost of living.

New private and public development projects and the increasing needs of Colombia's manufacturing industries may boost imports from the U.S. past the $300 million level by the end of 1964. These imports were $260 million in 1963 and $50 million for the 1st 2 months of 1964.

Balance improves

Colombia's improved balance of trade, caused mainly by a record volume of coffee exports during the first 4 months of 1964 also is creating optimism. Colombia was able to show a favorable trade balance of $11.8 million for this period in sharp contrast to the deficits of 1963 and 1962.

Although coffee exports have increased substantially in 1964, Colombian Government officials are maintaining their strict control system over imports entering the country.

With external assistance, Colombia should import about $610 million of goods and services, of which about $410 million will involve supplies for projects being supported by long term foreign financing.

Best possibilities

Industrial raw materials, intermediate products and capital goods have the best sales possibilities. Specific items among Colombia's imports are chemical fertilizers, lubricating oils, copper wire, antibiotics, (pure form), synthetic rubber, tire cord, tinplate, coloring materials derived from coal tars, newsprint, paraffin, automotive parts and components, tractors and tractor parts, wood pulp, disinfectants and insecticides, synthetic resins, tallow, pipes and tubes of iron or steel, trucks and station wagons, looms, and many types of machinery used in manufacturing.

U.S. suppliers are in good competitive position in the Colombian market. Their reputation is generally excellent for providing high quality goods, quick delivery, superior service, and sales and distribution facilities.

Must be flexible

Flexible credit terms that are competitive with European and Japanese terms are, however vitally important for successful selling in this market. Indeed, credit terms will be seriously considered by the Colombian import authorities in certain cases before a license is issued to permit importation.

In cases where the U.S. price is higher than a competitor's, appropriate credit terms may persuade the Colombian to buy the U.S. product.

A large number of new projects will be underway in 1964. These include the construction of a soda ash plant near Cartagena with funds from a $12 million Inter-American Development Bank (IDB) loan.

The Export-Import Bank extended a $3.2 million credit to Ingenio Riopaila, Ltd., of Cali to finance the purchase of U.S. machinery, equipment and services required to expand annual production of refined sugar from 50,000 to 110,000 tons.

An ammonia plant will be constructed at Barranquilla to produce about 700 tons daily. It will cost $30 million and will be owned by Cervecerias, Barranquilla y Bolivar, S.A. and Bavaria, S.A. and the International Development and Investment Company, a U.S.-owned company.

Two companies, Coltejer and Celanese Colombiana S.A. announced plans to undertake production of polyester fibers in 1964.

Dutch interest

Another firm, Enka de Colombia representing Colombian and Dutch capital plans to construct a factory at Medellin to produce polyesters and nylon threads and fibers, as well as industrial ceramics and electrical insulators.

Other enterprises are being planned by Dow Chemical Co., which is constructing a polystyrene factory in Cartagena; Compania Petroquimica Colombiana, to produce PVC resins in Barranquilla; the Cabot Co., for lampblack production at Cartagena; Petroquimica de Atlantico S.A., to produce ammonium in Barranquilla by late fall of 1965, and Cyanamid de Colombia S.A. for a $1 million formaldehyde and melamine molding compound plant in Cartagena.

The oil industry probably will invite bids for the construction of a refinery. Several new pipe lines may be built. Other activities which may present good trade opportunities are the continuing rise in production of bananas, lumber and tobacco.

One of the most important developments for U.S. exports is in the area of electric power development. Generating capacity of approximately 1 million kw. is to increase to 1.7 million kw. by 1965.

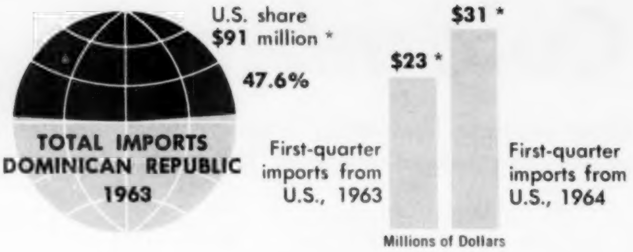
Power loan

In this connection the Export-Import Bank has authorized a $17.5 million loan to expand 5 power plants. The recipient of the credit is the Instituto de Aprovechamiento de Aguas y Fomento Electrico, a Colombian Government entity. Procurement will start during the latter part of 1964 and will include generating facilities, transmission lines and controls to distribute the additional power into existing systems. Several "package" gas turbine units also will be installed.

To increase exports of U.S. capital goods, raw materials and components to Colombia, a U.S. Building and Investment Mission to that country has been scheduled by the Department of Commerce for May 8-June 5, 1965.

The Mission will take Business Proposals from U.S. firms interested in obtaining trade contacts in Colombia. The closing date for submission of business proposals to the Bureau of International Commerce is March 15, 1965.

Dominican Republic



Transition to democracy harder than expected; trade outlook dim

By ALFRED ORTIZ

American Republics Division, BIC

The unsettled political situation in the Dominican Republic has created uncertainty about economic developments in the Republic and the trade outlook is unpredictable.

The transition from a dictatorship to an elected government may be more difficult than originally was anticipated by the Dominican leaders. In this period of adjustment, the Government has made determined efforts to stabilize and improve all sectors of the economy.

Unfortunately, a series of disturbances, strikes and demands for early elections have contributed to declining production. They also have reduced earnings in the sugar industry, the country's primary source of foreign exchange, and this in turn continues to jeopardize the country's trade.

The Dominican Republic is potentially a good market, but unsettled conditions have retarded the country's development and slowed the expansion of trade.

Imports had been greatly curtailed in previous years, but early in 1962 the country began liberalizing its import controls. As a result, U.S. exports to the Republic more than doubled in 1962, reaching a value of $61 million.

U.S. exports increased another $30 million in 1963, and the first quarter of 1964 showed an $8 million gain over exports for the same period last year. This large volume of imports has been in excess of the country's available foreign exchange.

Too small

The internal market is too small to allow for economic manufacture of the hard goods needed for economic development, and thus reduce some of the demand for imports.

The principal source of the country's foreign exchange is the export of agricultural commodities, chiefly sugar and sugar products. However, the country's exchange earnings, although they have increased during the last 2 years, have been insufficient to cover imports. Commercial banks were unable to meet their obligations promptly and accumulations of commercial arrears to overseas suppliers built up.

This was relieved somewhat by U.S. Agency for International Development (AID) assistance, but with suspension of the AID program last September, arrears increased to about $32 million by February, 1964.

The payments situation, however, which had begun to show slight improvement last spring, did not bear up under the pressure of continued heavy imports. By the end of May, commercial arrears had reached the $40-million mark.

Delays in remittance of dollars against drafts collected by commercial banks are generally now about 120 days. Delays of 180 days are not uncommon, and there is little prospect for substantial improvement in the immediate future.

Consolidated tax

The Triumvirate, in an effort to improve the situation, recently adopted an austerity program designed primarily to stem the flow of imports. Legislation was passed consolidating a number of taxes and fees into one basic excise tax on imports. The law sharply raised applicable taxes on items which the Dominican Government deemed as luxury goods or capable of being produced locally.

Some items affected are automobiles, tubes and tires, batteries, shoes, electrical appliances, jewelry, leather goods, confections, beer, perfumes and cosmetics. Articles not otherwise specified pay a duty of 35%. Many items, however, are exonerated by specifically enumerated laws.

The U.S., as the largest supplier of the Dominican Republic will undoubtedly suffer the greatest loss of exports from these measures. Total Dominican imports were $129 million in 1962. The U.S. share amounted to $61 million, or 47.6%.

In 1963 the Republic's imports amounted to $150 million, of which the U.S. supplied $91.3 million, increasing our share to 60.7%. For the first 3 months of 1964, U.S. exports to the Republic amounted to $30.7 million compared to $22.6 million for the same period last year.

In 1962 and 1963 Dominican exports to the U.S. amounted to $81.9 million and $80.4 million, respectively.

New legislation

The Dominican Republic recently was granted an increase in its International Monetary Fund quota from $15 million to $25 million. A stand-by agreement is being considered and if approved could ease the country's commercial arrears.

Other recent legislation, intended to ease the exchange situation, requires that all foreign exchange from whatever source be surrendered to the Central Bank. Previously only the proceeds of commercial exports had to be surrendered.

The law also gave the Central Bank authority to set minimum prices for exports and maximum prices for imports. This was intended to combat techniques used to evade exchange regulations.

Perhaps the most encouraging outlook is in the field of investment, where receptivity to private foreign investment in the Dominican Republic is very good. The Triumvirate welcomes all foreign investments it considers desirable and in October, 1963, passed an incentive law to encourage industrial development.

It also recently revised the income tax law to grant various exemptions, including one for income that is reinvested or is deposited in State development institutions.

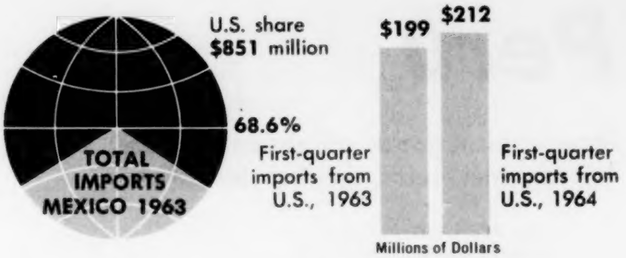
Except for housing construction, there has been very little investment in the Dominican Republic during the Triumvirate's administration. The major deterrent to private foreign investment in the Dominican Republic today is the political instability.

Despite the availability of AID investment guarantees, many U.S. investors do not take advantage of investment opportunities because of uncertainty regarding the nature of the government which will succeed the present Triumvirate.

Mexico

Accelerated industrialization leads to increased capital-goods imports

By KATHERINE E. RICE
American Republics Division, BIC



U.S. trade with Mexico shows promise of continued improvement.

Our exports to Mexico in the first 3 months of 1964 were $42.9 million more than in the same period of 1963, a rise of 23%. Shipments rose from $184.4 million in the first quarter of 1963 to $227.3 million in the first quarter of 1964.

The U.S. export trade balance was $37.4 million in the first quarter of 1964, as compared with an export balance of $17.9 million in the same months of 1963.

Favorable reaction

Mexico's foreign trade has reacted favorably to the country's stable political and financial situation during the past year and the economy generally has prospered.

In addition, the necessity of completing or accelerating various phases of Mexico's industrialization program during the final year of the Lopez Mateos Administration has stimulated particularly the importation of capital and production goods.

Mexico continued to be the United States' best customer in Latin America in 1963, purchasing goods valued at $851 million and leading Venezuela, the next most important customer, by about $320 million.

U.S. exports to Mexico

Commodities which make up the bulk of U.S. exports to Mexico are vehicles, machinery parts and industrial raw materials. Top sellers this year are expected to include machinery for manufacture of automotive vehicles, components and spare parts; machinery for textile manufacture; construction equipment, such as mixers, rollers, vibrators, power shovels and cranes; water and sewerage treatment plants; oil field equipment; locomotives and railway equipment, and power generating equipment.

Stress on agricultural expansion is producing demands for larger amounts and increased types of mechanized agricultural equipment not now manufactured in Mexico.

New sugar mills require larger imports of plant equipment, some being secured with French credits. The enlargement of the telephone, telegraph and telex systems necessitates imports of equipment, as do the pulp and paper, office machinery and petrochemical industries. Competition in these fields from Europe and Japan doubtless will be stiff.

Import trends

Mexico's total imports in 1963 were valued at $1,240 million, an 8.5% increase over 1962. Total exports were $972 million, or 2.9% above those of 1962. Mexico's imports from the U.S. in 1963 were $849 million, 8.8% above 1962. Its exports to the U.S. were $596 million, a drop of 6.1% below 1962.

The trend in Mexico's total imports is away from consumer goods and toward production equipment and raw and semiprocessed materials for manufacture.

The trend in exports is toward increased agricultural products, such as cotton, sugar, coffee, sulphur, cattle and beef, fresh fruits and vegetables; diversified industrial minerals and metals; hard fibers and manufactures; textiles and hormones.

The tourist trade

Prospects are for an even better tourist year in 1964 than in 1963, when a record high of 1,040,200 tourists visited the country, an increase of 11% over 1962. The Bank of Mexico's preliminary estimate of income from tourism and border travel in 1963 was $351.4 million as compared to $306 million in 1962. Tourist income is an important item in offsetting Mexico's import trade balance.

Mexico's principal trade, other than with the United States, was with West Germany, which supplied 6.4% of total imports and took 1.9% of total exports.

Japan sold Mexico 2% of imports and purchased 7% of exports. The United Kingdom supplied 3.5% of imports and purchased 1% of exports. Next important traders were Italy, France and Switzerland.

Mexico had a favorable balance of international payments of $144.1 million at the close of 1963, as compared with a favorable balance of $92 million at year-end 1962 and an unfavorable balance of $22.4 million at year-end 1961.

Net reserves of the Bank of Mexico were reported by the Minister of Finance on March 12 to be $490.4 million, after an advance payment (due in April) of $42 million made to the Export-Import Bank. Reserves were $426 million on March 28, 1963.

The Government had stand-by credits of $345 million with IMF, U.S. Treasury and Eximbank. Together these will "assure the stability of the Mexican peso for many years to come," according to the Minister of Finance.

Growth factors

Mexico's Gross National Product increased by 6% in 1963 in real terms (1950 prices) over 1962, and is expected to continue at that rate during the next two years. Population growth was 3%, resulting in a net per capita increase of 3%.

Prices, which had remained stable for 2 years, rose by only .6% in 1963, according to the general price index. Credits granted by the Mexican Banking System in 1963 were $4.8 billion. Federal income tax collections rose to $1.2 billion in 1963, an increase of 61.4% since the beginning of 1959.

Individual economic sectors showed the following percentage increases in 1963, as compared with 1962:

Construction, 11.5; electric power, 10.3; manufacturing, 8.2; petroleum and coal, 5.5; mining, 3.3, and cattle raising, 3.

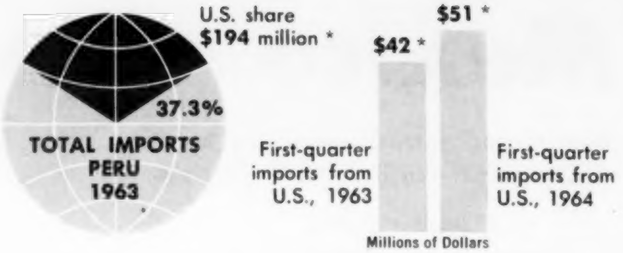
Prices, which had remained stable for two years, rose by only .6% in 1963, according to the general price index.

Confidence high

As Mexico enters the second half of 1964, business activity is well maintained and confidence in the financial and political stability of the country is high.

The general over-all improvement in agricultural production and prices; the increased impetus to industry; a relatively quiet labor front and prospects of increased trade and investment opportunities give promise of a continued upward trend in Mexican economy.

Peru



More capital goods sought as opposed to consumer items; market desirable

By BERNARD J. CAHILL
American Republics Division, BIC

Prospects are favorable for a moderate increase in U.S. trade with Peru over the coming months.

The modest rise in Peru's total imports during the first 3 months of 1964 reflects Peru's booming export picture which is tempered by the dampening effects of substantial increases in import duties enacted last year and augmented in February.

More imports from U.S.

A pronounced upward trend in U.S. exports to Peru was indicated by U.S. trade figures which show a rise of $13 million in sales to Peru in January-April as compared with the like period of 1963.

Peru's development in 1964 is expected to equal or surpass the healthy growth rate achieved in 1963, when gross national product was up 5½%. Exports increased by less than 10% last year but in the first three months of 1964 were up $35 million, or more than 30% above the 1963 first quarter level.

Favorable world prices for Peru's major exports and further expansion of export production were the principal factors causing the rise. Although this pace is expected to slacken, total exports for the year may well reach $600 million, up from $541 million in 1963.

More foreign aid

Imports, which were $556 million in 1963, also are expected to gain in this year, despite the increase of only 3% in the first quarter. The Peruvian Government and official entities are expected to draw on foreign loans for financing development projects in 1964 to an even greater extent than in 1963. Demand for imports of items such as heavy construction and road equipment should continue strong.

As a result of the sharp rise in exports and the slower gain in imports, Peru's trade balance swung from a deficit of about $14 million in the first quarter of 1963 to a surplus of almost $20 million in the same period this year.

The Central Bank's holdings of gold and foreign exchange reserves were at an all-time high of $133 million in mid-April.

The net improvement in commercial bank reserves in the period was about $11 million, as compared with the first quarter of 1963.

Commercial bank credit rose $14 million in the first quarter of 1964, below the expansion of the comparable period of 1963.

An extension of the tax payment deadline and the deposit of money held by the public during recent bank strikes resulted in a $37 million increase in bank deposits in the January-March period.

Wants more capital goods

Along with its development into a more industrialized nation, Peru is demanding more and more capital goods as opposed to consumer goods. This trend generally favors U.S. exporters of capital goods, but increasingly intense competition from Europe and Japan, frequently in the form of more liberal credit terms, has steadily reduced the share of Peru's imports supplied by U.S. traders.

In 1963, the U.S. share of Peru's total import market fell to about 37%. In 1959, the U.S. share was about 45%. Freedom from exchange restrictions, quantitative import controls and import licenses results in a minimum of technical trade difficulties involving imported goods.

The volume of flow of imports, especially consumer goods, is regulated primarily by revising duty rates. High duties on many non-essential items practically prohibit their importation. On the other hand, machinery for agriculture and mining, and for some industrial enterprises, can be imported duty free.

Many types of goods important in U.S. trade with Peru and offering increasing opportunities for U.S. exporters fall between these extremes of import duty treatment.

The category of machinery and equipment, which includes electric and nonelectric machinery, motor vehicles and transport equipment, comprises about one-half of Peru's total imports.

Foodstuffs and beverages are in second place, although a significant portion of shipments from the U.S. in this group is made under the U.S. commodity surplus export program (Public Law 480).

Chemicals, pharmaceuticals, metals and manufactures, specialized paper items, scientific apparatus, plastic materials, medical instruments and equipment and numerous other capital and intermediate goods are in increasing demand in Peru and will continue to be supplied largely from abroad.

Peru is a desirable market. Its general freedom from hampering trade controls and its developing economy make it an attractive field for the export promotion efforts of traders in many countries.

While the United States remains the principal supplier to the Peruvian market, this position is being challenged more and more by exporters in other nations. Early in June the U.S. Commercial Attaché in Lima discussed with a number of firms handling U.S. lines the problems they face in competing in the market.

Problem of credit

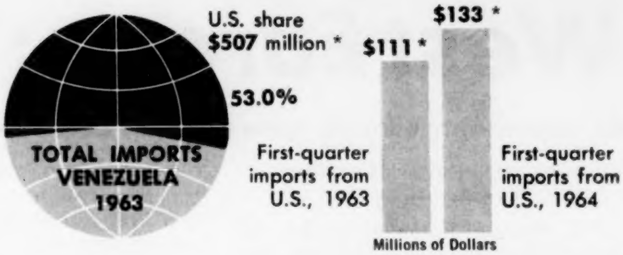
The consensus of the firms which handle over 70% of the U.S. goods sold in Peru was that their greatest problem is that of credit.

Many businessmen reported that they have, in years past, handled U.S. goods exclusively but find they have had to take on more and more non-U.S. items to maintain sales volume. These men are speaking not of long-term credit, but of 90-120 days, except in regard to heavy equipment.

Several insisted that, despite extended periods of satisfactory commercial relationships with U.S. firms, these suppliers have resisted all efforts to have them institute credit policies considered completely reasonable and which would enable effective competition with Japanese and European suppliers.

They also object strenuously to those U.S. companies which have a credit policy applying universally to Latin America or even to all Peruvian sales. They contend this is unreasonable and unrealistic because it does not take into account the differences between countries or among individual clients in a given nation.

Venezuela



Industrial raw materials, machinery sought; capacity to import is high

By R. F. RODRIGUEZ
American Republics Division, BIC

Venezuelan imports are on the rise, stimulated by a high level of economic activity and a consequent need for imports of industrial raw materials, capital equipment and machinery.

Venezuelan data on imports is unavailable, but United States exports—which account for about half of Venezuela's total imports—were up in the first quarter of the year, 19% over the comparable period in 1963. They rose from $111.4 million to $132.8 million.

Several factors

Among factors affecting the trade outlook are the following:

The nation is operating at a high level of economic activity. Gross national product rose 4% to 5% in 1963. Indications are that this pace of development is continuing throughout 1964.

Construction, manufacturing and agriculture are among the sectors showing major gains.

The nation's capacity to import is high. Exchange reserves of the Central Bank stood at $805.5 million in April, the highest level reached since the boom year of 1957 and the largest reserves of any Latin American country.

Exchange earnings are expected to continue to increase with the gradual expansion of petroleum production and exports.

To finance the large public investment outlays called for in the 4-year development plan (1963-66), the new administration in May presented a request for 3,816 million bolivares ($848 million) covering the next four years, including 1,036 million bolivares ($230 million) for 1964.

In spite of this supplement, it is likely that government revenues will exceed expenditures in 1964, as they did in 1963. Inflation has not been a serious problem in Venezuela, and relative price stability has been maintained.

Political stability also

The generally quiet national elections last December, the smooth transfer of presidential power in March, and the abatement of terrorist activities have resulted in growing political stability and brought a new note of confidence that appears to be the dominant factor contributing to an expanding level of economic activity.

The new administration's assurances that existing policies will be continued with added interest and attention contributed much to the general feeling of business confidence.

Low-cost housing, agrarian reform and increased social security coverage will be emphasized. The government will not compete or interfere with private enterprise except in fields reserved for the state. Foreign investment will continue to be afforded just treatment and necessary guarantees.

While in recent years balance-of-payments difficulties encouraged the government to pursue monetary and commercial policies which curtailed imports of capital goods, it appears likely that the current strong balance-of-payments position and the burgeoning needs of an expanding economy will result in significant increases in imports of these goods.

However, the Government remains committed to the protection of local industries—which produce mainly consumer goods—and it appears likely that with the rapid growth of light industries the market for the products will continue to decline.

The most important category of Venezuelan imports is road vehicles—virtually all unassembled—and parts. U.S. exports to Venezuela in this line amounted to $66.6 million in 1963.

Major U.S. exports

Other major U.S. exports to Venezuela were:

General machinery and appliances ($60.4 million); machinery for special industries ($19.3 million); power generating machinery ($13.9 million); agricultural machinery and implements ($12.8 million); other electric machinery and apparatus ($10.9 million); domestic electric equipment ($9.1 million); telecommunication apparatus ($8.7 million); aircraft ($7.1 million); electric power machinery and switch gear ($6.7 million); textile yarns and threads ($6.7 million); textile and leather machinery ($5.4 million); scientific, medical, optical, measuring and controlling instruments ($5 million); office machinery ($4.2 million), and mineral manufactures ($3.4 million).

Plan public projects

The "Additional Investment Plan" submitted by President Leoni in May provides for financing a significant number of public work projects under the overall 4-year development plan.

Financing of irrigation, agrarian reform, electric generating and distribution facilities, basic industries, road construction and social welfare projects are among the areas given special emphasis.

Among the major projects included for financing are completion of the electric power transmission line from Puerto Ordaz to Caracas; a $48.9 million expansion of the Government's petrochemical plant at Maron; irrigation and drainage of 1.2 million acres of land south of Lake Maracaibo; completion of the Barinas-San Cristobal highway south of the Andes; the Machiques-La Fria highway west of Maracaibo and urban freeway projects for Caracas and the Maracaibo areas.

Slum clearance, water systems, hospital and school construction projects are also given special emphasis. Construction of the large Guri dam and hydroelectric facilities, now underway, is among the projects that will generate a strong market for industrial goods.

Mission impressed

A trade mission organized by the Department of Commerce visited Venezuela Feb. 22-March 22 this year and was impressed by the attractive opportunities available to U.S. businesses to participate through venture capital, licensing or exports in the Venezuelan economic development.

Activities of the trade mission will be followed up with a visit to Venezuela of a mobile trade fair during the early part of 1965. It will exhibit industrial type products.

West Europe: Away we go

As opportunity's knock grows louder, U.S. exporters can break records

By STEPHEN M. CONGER
European Division, BIC

The Western European market for manufactured goods and industrial raw materials has never looked brighter. Alert U.S. exporters have the best opportunities here in years.

U.S. commercial shipments to Western Europe could reach $8.5 billion this year, almost 10% above the 1963 level, if exporters vigorously exploit the current flood-tide of demand.

Data for the first quarter shows that European imports took off at full throttle, with U.S. exporters maintaining or boosting their share of the most sharply expanding markets.

The most dramatic results occurred in Finland, where imports from the United States soared 136% over first-quarter 1963, while total imports climbed 52%. French imports from the United States jumped 45%, compared with a 27% gain in total French imports. In the United Kingdom, imports from the United States went up 30% (total imports rose by 21%).

Switzerland boosted its purchases from this country by 33% (total imports increased 17%). In The Netherlands, a 22% rise in imports from the United States matched the rate of increase for total imports.

About the only major weak spot was in the Federal Republic of Germany, where imports from the United States dipped 4% in the face of an 8% rise in total imports.

Big gains

The phenomenal first-quarter gains aren't likely to continue throughout the rest of the year. They reflect comparisons with the exceptionally poor first quarter of 1963, when many Western European countries experienced their most severe winter. U.S. exports were further curtailed by the East Coast dock strike lasting through the first third of January, 1963.

Nevertheless, there are some solid economic reasons for expecting substantial gains for U.S. exports. Europe continues to boom. Even where recent dazzling gains in growth rates—in France, West Germany, Italy, and Switzerland, for example—are tapering off, those economies are still expanding.

The United Kingdom and Swedish economies, which had been slumping from 1961 to mid-1963, have been in a vigorous upturn ever since, and the momentum is likely to carry into late 1964, at least.

Forecasts for continuation of the European boom are based on expectations that production, consumer spending, inventory accumulation, capital outlays and construction will accelerate in most of those countries.

One of the major exceptions is Italy, where a slowdown in the growth of consumer spending is anticipated, and investment expenditures are considered likely to expand much less rapidly than in recent years.

In Belgium, consumer spending is expected to rise less sharply than in 1963. A more pronounced expansion of Belgian private investment is envisoned.

Rising output

In the European Economic Community (EEC) the aggregate gross national product should increase 5% above the 1963 level. A 7% rise in industrial output is forecast.

Inflationary pressures, which increased markedly in France, Italy and The Netherlands last year, may gain momentum, despite government programs to contain them. Even Belgium and Luxembourg, where price rises generally have been well below most of the other Common Market countries, are beginning to feel mild inflationary pressures.

Inflation in Europe is working to the advantage of U.S. exporters. In many countries, wages have been rising more sharply than productivity for the past 2 years.

General price indexes have been increasing on the whole more rapidly than in the United States, indicating that the competitiveness of many American products may be improving. While U.S. wholesale prices slipped .4% from 1960 to 1963 and prices of consumer goods and services advanced only 3½%, French wholesale and consumer price indexes climbed 14% and 9% respectively.

In Italy, the gains were 8% and 15%, respectively; in The Netherlands, 2% and 10%; in Belgium, 3% and 4% and in West Germany, no change and 10%.

In all the EEC countries except Germany, the price rises were sharper last year than during any other year of this decade.

Escalator clauses

Price increases have not significantly impaired consumer purchasing power in Europe. Wage contracts in most of those countries generally have escalator clauses tied to retail price indexes.

However, the pressures of rising labor and material costs continue to squeeze profit margins, stimulating the need for labor-saving machinery, but also limiting the capital available for purchases of such equipment.

The need for automation also is intensified by the labor shortage. This shortage has been spreading and in the process drying up most of the unemployment pockets in France and Italy.

Virtually full employment exists in Belgium, Denmark, West Germany, The Netherlands, Sweden and Switzerland. Unemployment is not a significant problem in the other countries of Western Europe.

Although the various government programs to stem inflationary pressures include some restraints on investment and consumption, these brakes so far have been applied very gently in most cases, with little apparent impact on imports.

On the other hand, some governments —notably those of France and West Germany—have included general policies of increasing imports in their anti-inflation programs.

Warning of the serious consequences of unbridled inflation, the EEC Commission has recommended a coordinated inflation-control program for member countries which provides, among other things, for boosting imports.

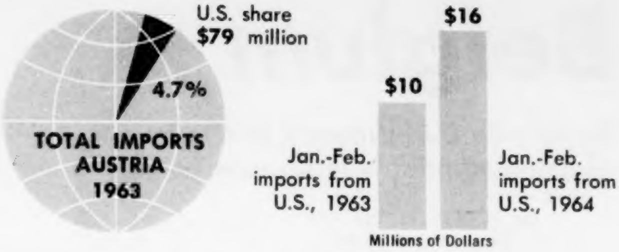
So far, these general policies to increase imports have produced no significant implementing measures. However, the Benelux countries and France have recently cut import duties on various meats to alleviate shortages and hold down prices.

Germany has removed its few remaining quantitative restrictions on leather imports. It's still too early to tell whether these steps are harbingers of more extensive ones.

The fact remains that the major markets of Western Europe have few significant barriers which prevent U.S. exporters from taking advantage of the strong demand for consumer goods and industrial equipment there.

Austria

Austrian economic expansion reverses recent decline in sales of U.S. goods



By MARGOT W. ZENER
European Division, BIC

Although U.S. exports to Austria have declined in recent years, Austria's rising standard of living and import liberalization measures have brightened the outlook for an increase in the sale of U.S. products to Austria in 1964 and 1965.

The Austrian economy has been growing steadily in recent years, attaining a 1963 Gross National Product (GNP) of $7.7 billion in a country of 7 million people.

Output in terms of constant prices is expected to rise by 5% in 1964, with a GNP of $8.3 billion predicted. Growth rates were above 10% in some areas of the economy during the first few months of 1964, continuing the high level of business activity achieved in the last quarter of 1963.

Although Austria would like to see its chronic trade deficit reduced through a growth in exports, a containment of inflationary tendencies is also considered necessary.

Against this background Austria has announced further liberalization steps, thus removing quantitative restrictions on most industrial commodities. Following a Jan. 1 liberalization of 81 tariff positions, restrictions on 71 additional tariff positions were removed on June 1.

The June liberalization included such potential U.S. export items as vegetable oils, edible fats, molasses and syrups, white and transformer oils, DDT bandages, certain chemical products, artists' and students' colors, prepared glues, some plastic items, adhesive bandages, travel goods, apparel articles of rubber, packaging and filing materials of paper or paperboard, friction material for brakes and clutches, injection pumps for combustion engines, insulated fittings for electrical machines, toys, button blanks, zippers, pencils and pencil leads.

Hard core

After the final scheduled liberalization step on Jan. 1, 1965, only about a dozen hard-core items in the industrial sector will remain subject to quantitative restrictions.

Principal U.S. exports to Austria in recent years have been semi-finished and finished products, medicinal and pharmaceutical preparations, plastic materials, finished rubber goods, business machines, agricultural products and tobacco.

U.S. exporters also will find an expanding market for non-essential consumer goods in Austria, generated by a higher living standard, increased leisure time resulting from shortened working hours, and larger numbers of tourists.

Good opportunities exist for the sale of such products as luxury glassware and china, furs, electric razors, fancy household goods, books, records, leather goods, jewelry, cosmetics, educational constructive toys, passenger automobiles, spirits, tobacco, cigarettes, carpets, clothing and shoes.

New export opportunities have been reported for 2 agricultural products, high-protein wheat and cotton. An import quota recently was announced for wheat. Austrian mill stocks of cotton have been at their lowest level in many years. Prices of U.S. cotton fiber are now lower than those of non-U.S. fiber, so the prospects for increased sales to Austria are excellent.

Exporters will find U.S. Department of Commerce fairs in Austria and neighboring European countries helpful in increasing sales to Austria. For the first time in several years, the U.S. will participate in the Vienna International Fall Fair Sept. 13-20.

U.S. exhibit

The U.S. exhibit at this fair, which annually features capital and consumer goods, will consist of supermarket, food handling and food processing equipment. This equipment is finding growing acceptance in Austria. The market for frozen foods is expected to grow considerably with an estimated doubling in per capita consumption by 1965.

Shows at the U.S. Trade Centers in Frankfurt and Milan are a useful approach to the Austrian market, since Austrian buyers attend these exhibits.

U.S. exporters should bear in mind that vigorous efforts are necessary to sell in a small market such as Austria. Representation by a reliable local distributor with an efficient sales and service organization is important. Rapid delivery, prompt service and intensive advertising are additional ways to increase sales.

Austrian consumers are rapidly developing an interest in U.S. products. Public response to coin-operated automatic dry cleaning and laundry centers has been quite enthusiastic. Since the beginning of 1963, about 80 of these centers have been established in all parts of Austria, and it is estimated that there will be 60 in Vienna alone by the middle of 1965.

In spite of low prices, the centers have proved very profitable. One American firm uses some of the centers to display electric appliances to waiting patrons.

An import surplus, with a resulting deficit in the balance of payments, has existed in Austria for several years. Austrian trade increased in both directions in 1963, with total exports reaching $1,325.2 million and imports $1,698.5 million, according to Austrian statistics.

Increased imports came largely from Germany and France, while larger sales to Italy and the Nordic countries accounted for most of the export growth.

EFTA advantage

Austria's partners in the European Free Trade Association (EFTA) enjoy Austrian tariff rates 60% below those levied on imports from non-tariff countries.

Imports from EFTA members, particularly the United Kingdom and Sweden, have been increasing steadily. However, the European Economic Community (EEC) members remain Austria's principal suppliers, accounting for over 50% of its purchases.

In the first few months of 1964, Austrian imports from the U.S. were significantly greater than the year before. February imports were the largest in any month since March, 1961, reflecting the expansion in the Austrian economy.

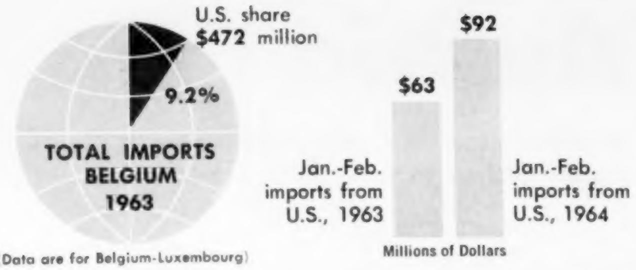
Austria's exports to the U.S. also increased during this period. Total exports, grew somewhat more rapidly than imports, decreasing the trade deficit.

Since some exports from the U.S. to Austria are channeled through German subsidiaries, and are thus not reflected in U.S.-Austrian trade statistics, actual sales of U.S. products may be somewhat higher than the reported statistics indicate.

Belgium

Trade with U.S. expected to rise in '64 as living standards reach new heights

By ROBERT H. WALKER
European Division, BIC



(Data are for Belgium-Luxembourg)

Belgium's economic boom, prevailing throughout 1963 and continuing into 1964, holds promise for expanded trade with the Belgium-Luxembourg Economic Union (BLEU). This year, an increase of about 10% in U.S. exports to BLEU appears possible.

In 1963, the Belgian economy set new records, exceeding expectations. The gross national product increased about 4%, while industrial production rose 6%.

Orders for metal manufactures in the last quarter picked up to set a record year. Crude steel at 7.4 million metric tons was 2.8% above 1962 output. Coal production, 21.3 million metric tons, just topped the 1962 total and was expected to continue nearly unchanged for several years.

Electric power production was up 8.2%. Textile production set a record, sparked by high domestic and high foreign demand. New records were achieved by the construction industry despite serious manpower shortages limiting greater accomplishment.

Greater disposable income, resulting from rising wage scales, has brought an increasingly higher standard of living, which is reflected by a growing demand for consumer goods.

Price levels

Higher wage scales and production costs have caused price levels to climb. In the last half of 1963, both retail and wholesale prices moved sharply upward, each registering increases of about 3%. This has made U.S. products—with relatively constant export prices—increasingly competitive in the Belgian marketplace.

Further, the Belgian Government has shown some concern with the growing dependence of BLEU traders on other Common Market countries as markets and sources of supply. With 52.5% of BLEU imports and 60.8% of its exports traded with other EEC partners, the Government is interested in increasing the volume of trade with non-EEC partners.

Exports to BLEU

U.S. trade data for 1963 show exports to BLEU amounting to $504.5 million, 16.5% above 1962. Although agricultural exports were smaller, substantial gains in other categories accounted for the sharp rise in the total.

Cereals and preparations dropped 14.2% to $58.1 million. Oleaginous seeds were off 4.8% at $15.4 million and unmanufactured tobacco was down 4.1% to $9.3 million.

Raw cotton was 17.9% higher at $12.7 million, while animal feedstuffs reached $8.9 million, up 6.5%.

Coal registered the greatest gain, jumping 114.9% to $26.8 million. Iron and steel increased 76.1% to $10.9 million and organic chemicals gained 44.4% to $23.9 million.

Nonelectric machinery at $81.2 million advanced 16.4%, while electric machinery rose 20% to $21 million.

Medical and pharmaceutical products were up only 4.4% at $13.9 million, and the total for transport equipment, $35.2 million, was only 1.7% above 1962. Plastic materials fell 6.1% to $11.6 million.

Continuing potential

With Belgian coal production stabilized at about 21 million metric tons and with encouraging prospects seen for 1964 steel production, increased exports of U.S. coal are possible. A sharp increase in shipments of U.S. trucks and automobiles to Belgium also is anticipated in 1964.

Other products with continuing potentials for U.S. exporters are canned and dried fruits; canned and other prepared foods for home and restaurant use; pet foods; electronic and electric components and equipment; camping, boating, and sports goods; electrical household goods; gas central-heating and space-heating equipment (for medium-run development); sophisticated machine tools; building materials, components and equipment; automobile accessories and garage equipment.

Prerequisites

To gain or to expand a share of the BLEU market, the exporter must observe time-honored prerequisites for developing overseas markets. Customary business courtesies should be extended and prompt replies made to inquiries, supplying c.i.f. quotations and keeping the customer informed of new products.

Measurements, sizes, calibrations and electrical characteristics should be adapted to Belgian standards. The Belgian distributor should be supported in advertising and promotional campaigns, provided better servicing, insured regular deliveries and shown a real interest in his welfare. Manuals, instructions, advertising and promotional literature should be published in both French and Flemish.

Trade progress

BLEU trade prospered greatly in 1963. According to BLEU statistics, imports totaled $5,112 million, up 12.2% from 1962, while exports reached $4,839 million, up 11.9%. BLEU experts predict an 11% increase in imports and a 9% increase in exports for 1964.

West Germany ranked first as a supplier, providing 19.3% of total imports, followed by France with 15%, the Netherlands with 14.7%, the United States with 9.2%, and the United Kingdom with 8.2%.

The Netherlands was the largest customer, taking 22.6% of BLEU's exports, after which came West Germany, 18.5%; France, 14.6%; the United States, 8.5%, and the United Kingdom, 5.7%.

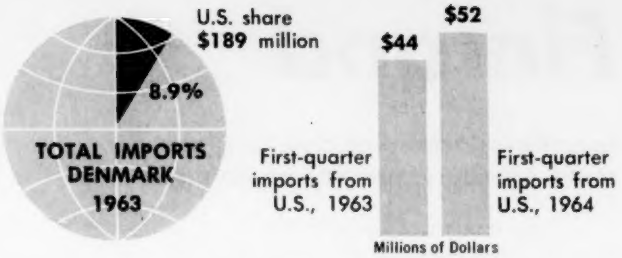
Major categories

Major import categories in 1963 were mineral products, $793 million; machinery and industrial equipment, $709 million; textiles and textile products, $605 million; transportation equipment, $502 million; metals and metal products, $382 million; vegetable products, $335 million; chemicals and related products, $265 million; precious stones and metals, $240 million, and foods, beverages and tobacco, $234 million.

Leading export categories were metals and metal products, $1,405 million; textiles and textile products, $773 million; machinery and industrial equipment, $474 million; transportation equipment, $358 million; chemicals and related products, $325 million; mineral products, $276 million, and precious stones and metals, $246 million.

Denmark

Modest improvement should be reflected in sales of producer, consumer goods



By ANN C. HOLMES
European Division, BIC

The outlook is favorable for a modest increase in U.S. exports to Denmark through the remainder of 1964.

With economic stability restored through a combination of fiscal measures, and the Government committed to a tight fiscal policy and a balanced budget in 1964, the Danish economy should continue to show a slow but steady improvement. In 1963 the gross national product (GNP) increased by about 6% in terms of current prices and by about 2% in terms of fixed prices.

Total Danish imports in 1963 amounted to $2,123 million, with the U.S. supplying $189 million or 8.9%; the same percentage as in 1962.

The January-March 1964 figures show a decided drop in imports of oilseeds from the U.S., with increases in varying amounts of some other commodities. Chemicals, machinery and appliances, powdered milk for animal feed, grain, textiles and clothing, and transportation equipment showed increases as Danish importers continued to replenish inventories.

The U.S. share of total Danish imports for January-March 1964 was 8.6%.

With heavy borrowing abroad during 1963 (approximately $188 million) by the Government municipalities, public utilities and industries, and with the trend for greater industrialization in Denmark, demand for imports of raw materials and producer's machinery and equipment should continue, offering an opportunity for increased U.S. exports of these commodities.

Machinery imports jump

Most of 1963's foreign loans were for financing new plant and equipment for utilities and industry, a certain amount of which will have to be imported from abroad. With banks and industries converting to automated equipment, the demand for imports of electronic computers and other automated products may increase. Imports of machinery and equipment from the U.S. showed an increase of 24% in 1963.

Demand for consumer goods also should be stimulated in the months ahead, with the rise in wage rates due to an increase of 2 points in the cost-of-living index late in January.

The cost-of-living index, computed quarterly by the Government Bureau of Statistics, plays a big role in the formulation of economic development because the escalator clause contained in almost all labor contracts is based upon it. Total wage increases are estimated at 5 to 5½%.

To counteract possible inflation resulting from the increase and to pay for the wage increase bill, increasing the taxes on cigarettes, beer and gasoline have been passed.

Import curbs eased

Improvement in Denmark's balance-of-payments position permitted further relaxation in import restrictions on Jan. 1. Among the commodities liberalized were certain vegetables, fruits and fruit juices; granite, crushed and broken stone; certain alcoholic beverages; fire hose containing nylon; articles of natural cork; building board of wood pulp, wood fiber and other vegetable fibers; textile hose-piping and similar containers; electric lamps and parts of base metal, and bakery ovens and parts.

Additional goods (principally breakfast cereals, biscuits, rubber tubing, locomotives, ambulances and fire-fighting vehicles) now subject to quantitative import restrictions were scheduled to be liberalized effective July 1, 1964.

Quotas for most goods still subject to restrictions were to be increased substantially in the July 1, 1964-June 30, 1965, import plan.

The Danish market is a small, highly competitive one and aggressive salesmenship is required if the U.S. is to maintain the 8.2% share held in the last 2 years. As a member of EFTA, Denmark offers and receives a 60% tariff advantage on goods exchanged with EFTA members.

With the accelerated tariff reduction on industrial goods by the EFTA, the market will be duty-free for the member countries by the end of 1966. The competitive position of U.S. exports undoubtedly will be affected.

Danish economic growth and policies during 1964 will continue, as in the past, to depend in large part on the economic situation in Western Europe and particularly in the United Kingdom and the U.S.

Weak areas

Although the overall outlook is encouraging, there are some areas where economic problems—such as inflation and deficits in the balance of trade, agriculture and shipping—may result in little real economic growth.

Denmark's National Bank raised the discount rate from 5½% to 6½% effective June 11 in an effort to curb inflationary pressures. The action was taken after the April trade statistics showed a record monthly deficit.

The rate had been cut from 6% to 5½% in November, 1963, when the economy seemed in balance, but strong expansionary forces appear increasingly evident.

Imports were high for the third month in a row during March, aggregating $196 million. Although exports, particularly industrial exports, remained satisfactory ($166 million), the trade deficit was substantial. For the first quarter, it totalled $117 million, more than twice the deficit during the first quarter of 1963 ($56 million).

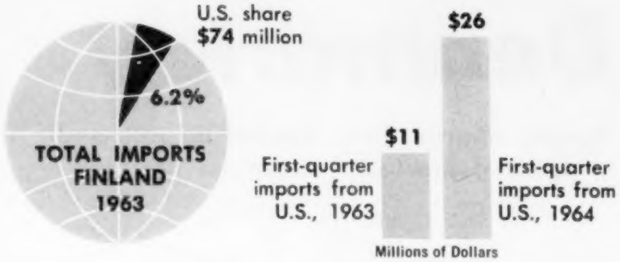
Replenishment of depleted inventories, the high level of industrial activity, and increased investment, according to U.S. Embassy reports, were primarily responsible for the sharp rise in imports this year. Another contributing factor is a 3% rise in import prices over 1963 prices.

Bond issues

Denmark's foreign exchange holdings have been strengthened by a bond issue floated by the Government for $25 million; a $10 million loan taken by 7 municipalities in Greater Copenhagen, and a $10 million loan floated for the Jutland Telephone Co.

According to reports, the Danish monetary authorities continue to favor the policy—begun in 1961—of using foreign loans to avoid balance of payments crises and thereby keep the economy prosperous.

Finland



Forest-products sales around globe spark economy, provide buying power

By HAROLD A. McNITT
European Division, BIC

The outlook is favorable for a moderate increase in U.S. exports to Finland in 1964.

Stimulated by favorable world demand and prices for paper, pulp and other forest products, Finnish industrial production early this year was 7% higher than in the comparable 1963 period. Forest products are the chief export, and Finland's economy is highly sensitive to world demand for them.

The country's gross domestic product, which advanced 3.4% in real terms in 1963, is expected to exceed that rate of growth in 1964. Consumer spending, spurred by increased industrial activity, also is on the rise.

Stable, accessible

The Finnish market for U.S. goods, though moderate in size, is noteworthy for its stability and accessibility. In 1963 Finland imported from the United States goods valued at $74.4 million (c.i.f. value), according to official Finnish data.

This represents a slight increase in Finland's imports from this country (1962 imports were $74.2 million) at a time when Finland's total world imports decreased 2%. The U.S. share of the Finnish market, traditionally 5-6%, increased slightly to 6.2% in 1963.

In the first quarter of 1964 Finnish imports from the United States totalled $26 million, compared with only $11 million in January-March 1963. The low volume of trade in early 1963 was caused by widespread Finnish shipping strikes. First-quarter data therefore is not indicative of actual trade trends.

Machinery accounts for approximately one-third of U.S. sales to Finland. However, Finnish purchases of U.S.-made machinery declined in 1963, totaling $23 million (c.i.f. value) compared with $26 million in 1962.

This decrease may be attributed both to a general slackening of private investment activity and the completion of major capital improvement projects for which the U.S. had been a major supplier (chiefly in the paper and pulp industries).

Private investment remains somewhat restrained in 1964, but there are indications of renewed investment activity in certain industrial sectors as manufacturing output quickens.

The Finnish market is receptive to high-grade U.S.-built machinery of many kinds. In 1963 major purchases were made of paper and pulp-mill machinery, agricultural machinery, construction and excavating equipment, metal-working and textile machinery, and other heavy equipment.

New gains were scored in purchases of U.S.-made printing machinery and equipment, telecommunications apparatus, office machines, auto-servicing equipment and wrapping and packaging machinery.

Finland buys substantial quantities of foodstuffs and food preparations from the United States ($11 million in 1963, up 38% from 1962), motor vehicles, chemicals, wheat, soybeans, tobacco, plastic materials, synthetic textile fibers, textile fabrics and manufactured articles.

In a recent article the U.S. Commercial Attache in Helsinki reported bright sales possibilities in Finland for U.S.-made automobiles, trucks, buses, plastic raw materials, textile fabrics, wearing apparel, sports articles, television parts, small boats and some types of heavy machinery (INTERNATIONAL COMMERCE, Mar. 2, 1964).

Big push

U.S. trade-promotion activities are exceptionally vigorous this year. An official U.S. Trade Development Mission, visiting Finland in May, developed numerous promising trade opportunities.

The United States will feature an official exhibit of American-made automotive service equipment and office machinery at the Helsinki International Trade Fair, Sept. 17-27.

On the world trade scene, Finland imported goods valued at $1.2 billion in 1963—2% less than in 1962. Exports reached $1.1 billion, a 4% increase, with forest products the most important item.

Finland's chief supplier in 1963 was West Germany ($213 million), followed by the U.S.S.R. ($195 million), Sweden and the United States. Finland's largest customer was the United Kingdom ($240 million), followed by the U.S.S.R. ($185 million), West Germany ($138 million), The Netherlands and the United States.

A 12% rise in export earnings from Finnish forest products in 1964, as compared with 1963, has been forecast. A source of some concern, however, is the situation in Finland's important metal-processing and engineering industry. Reflecting a drop in export sales, that industry has failed to share in the recent production advances.

Consumer goods

On the import side, Finland's rising level of consumer income and a further relaxation of many remaining trade barriers promise an expanding market for finished consumer goods in 1964-65.

The current buoyancy in the Finnish economy has been accompanied by a steady rise in price levels. The cost-of-living index (1951: 100) advanced from 158 in December 1963, to 167 at the end of the first quarter of 1964. This development is ascribed primarily to cost-push rather than demand factors.

Substantial wage and salary increases recently were granted in several key industries as well as the civil service. In addition, a recent revision of the Finnish sales tax has boosted the cost of living.

The tax rate was sharply reduced but coverage was broadened to include a large number of necessities—food and clothing—which previously had been exempt. A steady rise in retail food prices also has contributed to the general cost-of-living increase.

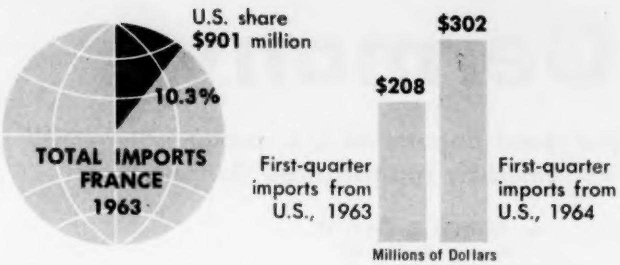
Finland in 1962 and 1963 was faced with a "cash crisis"—a problem of obtaining sufficient revenue to meet increasing governmental expenditures. The problem remains, but the situation has been improved by the sales tax reform as well as by certain other tax increases. Additional measures aimed at achieving long-range stabilization are being weighed.

A new 10% tariff cut on industrial and certain other goods entering Finland from other EFTA (European Free Trade Association) countries became effective May 1, 1964, bringing Finland's total preferential reduction on goods from EFTA countries to 60% on the established rates of duty.

France

Workers' pockets jingling, more consumer items being purchased

By PAUL A. MAYER
European Division, BIC



U.S.-French trade promises to continue rising in 1964. In particular, exports of U.S. consumer goods should show further gains.

At $78 billion, the 1963 gross national product was 4.3% higher than in 1962. A similar increase is forecast for 1964. Industrial production at the end of 1963 had climbed 44% since 1959, and salaries and wages 41%.

Unemployment is virtually nonexistent. The average Frenchman has more money to spend than ever before, and goods which a few years ago could be purchased only by a small segment of the population are now within reach of the man in the street.

Some American luxury items, termed unsalable in volume by previous market research, are finding their way into more and more French stores and from there to families eager to own things which in the recent past they could only admire.

American consumer goods, generally popular because of their quality and eye appeal, offer the added attraction of rising competitiveness as production costs in the United States have remained relatively stable. In addition, U.S. shipments of capital goods and raw materials should continue to increase.

Major groups

Eight commodity groups account for approximately 60% of U.S. exports to France. In 1963, these leading exports made these showings, in millions of dollars:

Machinery and appliances, other than electric, 202; electric machinery and appliances, 71; mineral fuels, mineral oil, 65; optical, photo and medical apparatus, 51; organic chemicals, 44; cotton, 42; aircraft and parts, 35, and cereals, 31.

U.S. exporters should bear in mind the increased purchasing power of the French consumer, reflected both in stepped-up sales of items previously accepted in limited quantities, and in market penetration of more expensive items.

Thus, a U.S. toy manufacturer who so far has been selling small quantities of unsophisticated toys in France should not only envisage a broader market for items he currently is shipping, but at the same time should promote more expensive models.

Judging from the success of leading Paris department stores in staging special sales of U.S. merchandise, the following articles should receive a particularly good reception:

Kitchen and other home appliances; office and travel equipment; low- and medium-priced women's and children's apparel; gardening, camping, barbecue, and picnic equipment; early-American furniture; printed kitchen linen and other fabrics, and a great variety of "do-it-yourself" items.

Testing

The marketability of do-it-yourself tools was tested at the 1964 Paris International Trade Fair, in which the U.S. Department of Commerce participated. Later in the year, the Department will mount a Business Information Center at the International Trade Fair in Marseille, to familiarize buyers from southern France and Mediterranean countries with U.S. products.

Market-testing and research techniques are less developed in France than in the United States, and French tastes and preferences cannot be measured with U.S. yardsticks.

American exporters may find it advantageous first to approach U.S.-based resident buying offices which purchase for French accounts and discuss with them what products could be offered and where the emphasis should be placed.

French statistics show that in the first 3 months of 1964 the country imported goods valued at $2.6 billion, of which $302 million or 11.7%, came from the United States—an encouraging rise over the 10.3% U.S. share in both 1962 and 1963. Projected through the balance of the year, 1964 U.S. imports to France may pass the $1 billion mark.

Lag

However, French orders for some U.S. products sold widely elsewhere have been lagging behind our average share of the French market. Indications are that these products could be successfully promoted in France. Among such items, expressed in millions of dollars worth of imports (with the U.S. percentage participation shown in parentheses), are:

Furniture, 43.3 (.9); clothing and accessories, 31.5 (7.3); man-made fibers, non-continuous, 34.3 (1.7); dyes, paints, varnishes, 47.5 (7.8); vegetable and fruit preparations, 38.5 (2.9), and meat, 121.5 (7.5).

To control inflationary pressures, the French Government last fall adopted a stabilization plan which appears to have been very effective. The price rise has been slowed and labor has been voluntarily cooperating, refraining from substantial demands for wage increases.

The current deficit in French exports is not considered alarming, although imports are at present being covered by exports at a rate of only 83%. The deficit is largely offset by invisible revenue from sources such as tourism and influx of capital. Gold and foreign exchange reserves—$4.7 billion at the end of May—have reached record heights and are higher per capita than in the United States.

Sustained strength

France, then, should be looked upon as a country with an economy of sustained strength and growth, and as an excellent target for U.S. export expansion efforts.

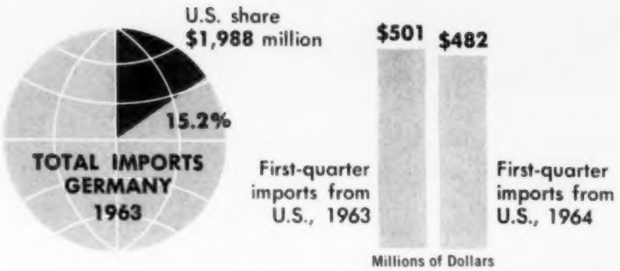
Both long-range, recurrent business and special situations should be considered in directing these efforts.

For example, in 1963 the United States was able to sell large quantities of coal to France because a long and hard winter had depleted local stock. This year a shortage of beef has created a possibility for U.S. meat packers to compete on the French market.

They are aided in this by a temporary but substantial reduction in French import duties for beef, decreed by the Government to help consumers buy imported beef at reasonable prices. The first U.S. shipment of beef to France in 40 years arrived there in June.

If U.S. shippers succeed in obtaining a reduction of the present high ocean freight rate, business of several tens of millions of dollars may result.

Germany



Increased imports of U.S. products welcomed by sophisticated German buyer

By ROBERT E. DAY, JR.
European Division, BIC

The dynamic German market offers bright prospects for increased U.S. exports during the next 12 months, provided U.S. exporters meet the challenges of changing purchasing patterns.

Among factors contributing to this promising outlook are Germany's accelerated investment activity, further rises in disposable incomes, the Government's eagerness to facilitate imports, growing order backlogs with which German suppliers must cope and, to a limited extent, price developments favoring U.S. suppliers.

New vitality in the investment sector in Germany can be attributed primarily to good market prospects and profit expectations. In the face of continued labor shortages, productivity and output are being increased most effectively through new investments in plant and equipment.

In order to counter the threat of what it calls "imported inflation," the German Government has embarked upon an extensive stabilization program, designed to facilitate imports and otherwise hold prices at their current levels.

The dates for the liberalization of certain industrial items from a group of countries including the U.S. are as follows:

June 1, neat leather and simulated pearls; July 1, jute products; Jan. 1, 1965, sewing machines, toys, cigarette lighters, and a number of textiles and ceramics.

U.S. trade with Germany

U.S. exporters who are able to meet short delivery schedules may benefit from order backlogs developing in sectors where incoming orders exceed outgoing deliveries.

Orders placed with German manufacturers during the first quarter of 1964 were 19% greater than in the corresponding period last year. Domestic orders booked during the first 3 months of this year were 18% higher than 1963, while foreign orders were up 22%. The upswing in orders has been particularly pronounced in raw materials and investment goods.

Absorbing 5.2% of U.S. exports in 1963, Germany constituted the fourth largest market for U.S. goods, ranking after Canada, Japan and the United Kingdom. German statistics show the U.S. to be Germany's principal foreign supplier, accounting for $2 billion or 15.3% of total German imports in 1963.

Overall, the U.S. has maintained its growth position compared to total German imports, although the 12.9% increase in German imports from the U.S. during 1963 was achieved primarily on the strength of increased German purchases of defense goods.

Non-agricultural commercial imports from the U.S. rose by only 29%, offsetting trade losses in the agricultural sector, while imports of comparable industrial goods from EEC sources increased by 59%.

Record growth in many sectors

Healthy growth records were registered in the fields of lumber and wood pulp, semi-finished chemical products, electrical equipment and aircraft, as well as in the machinery, where gains have been scored by electronic and advanced office machines.

The U.S. has lost ground in finished chemical products, synthetic fibers, industrial fats and oils, rolling mill products and petroleum products.

Among commodities enjoying the brightest market prospects at the present time are labor-saving machinery for the manufacturing, construction and service industries.

As illustrated by the success of the February showing of hi-fi and stereo components at the Frankfurt Trade Center, there also is a good market for selected consumer items despite a general leveling off of retail sales.

The sustained rise of the German standard of living has produced a more discriminating shopper and has opened up new markets for certain types of high-quality merchandise.

With German manufacturers planning production boosts and hastening to place their orders at currently existing world market prices, significant import gains have been registered in the first months of 1964, especially among raw materials and semi-manufactured goods.

Total German imports of $4.5 billion during the first 4 months of this year represented a 9.2% increase over the corresponding period in 1963. German exports during the same period climbed 19.5% to reach a total of $5.3 billion, leaving a sizeable export surplus of $0.8 billion.

U.S. commercial projects

The U.S. is conducting an energetic commercial program in Germany on behalf of U.S. exporters. Mainstay of the program is the U.S. Trade Center in Frankfurt, where the Industrial Safety Equipment Show in August will be followed by exhibits devoted to specialty foods, training aids for industry and education, digital and analogue computers, and industrial fasteners.

U.S. participation in the German Industries Exhibition this fall in West Berlin will be, for the first time, in the form of a commercial exhibit.

The building supplies theme of the exhibit will give U.S. industry an opportunity to follow up the initial contacts established by the U.S. Building Supplies and Equipment Trade Mission which visited Germany last March.

Fair participation planned

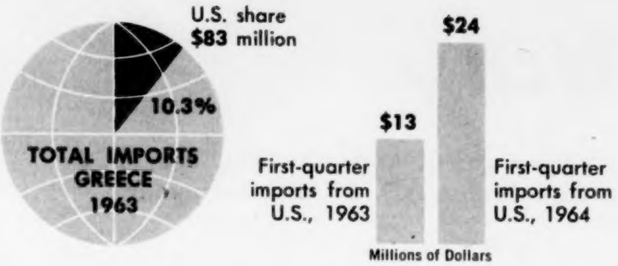
Official U.S. participation in Duesseldorf's International Sales and Fashion Week in November will seek to expand the German market for American-made women's and children's clothing. This commodity group was successfully featured in last year's version of the same fair—the initial U.S. commercial exhibit in Germany.

Estimates place the real rate of growth for the German economy during the current year at about 5%. The Federal Republic's national accounts, which include West Berlin, show a gross national product of $94.3 billion for the year 1963, a real increase of 3.2% over 1962.

As of the end of April, the Federal Republic's gold and foreign exchange reserves totaled $7.4 billion, of which $4 billion were held in gold.

Greece

Association with EEC represents both promise and challenge to U.S. business



By JOHN J. EDDY
European Division, BIC

The current healthy state of the Greek economy makes the outlook for expansion of U.S. exports to Greece good for the remainder of 1964 and in 1965. But any realistic assessment of longer range prospects for U.S. sales must take account of some potentially restraining factors.

The general economic situation in Greece is promising. Prices are holding steady, agricultural income and industrial production are rising and so far this year the balance of payments is showing a surplus.

Gold and foreign exchange reserves stand at about $278 million, having risen by approximately $8 million during 1963. Despite the anticipated biennial drop in olive production, 1964's gross national product (GNP) is expected to grow by at least 6%.

Greek association with the EEC represents both a promise and a threat for U.S. business. The stimulus to Greek economic growth which will be provided by gradual enlargement of Common Market outlets for Greek products could be very beneficial to U.S. trading interests.

Not significant, yet

Moreover, Common Market exporters to Greece have not yet received a really significant tariff advantage over their U.S. competitors. In the future, however, the EEC will be favored with progressively lower Greek import duties.

The tapering off of the AID program may deter faster expansion of U.S. sales to Greece. U.S. grants to Greece ceased in June, 1962. However, development loans tied to U.S. procurement are still being made—for example, a $10 million program loan in July, 1963, and a $21.6 million loan for a hydroelectric plant at Kremasta in November, 1963.

Last year, according to Greek trade figures, Greece imported $83 million worth of U.S. goods, up 23% from 1962.

Despite the fact that 1963 was Greece's first full year as an associate member of the Common Market, substantial increases occurred in imports of 50 of the 58 kinds of U.S. products sold in Greece. Foodstuffs scored the largest advance (143%), but purchases of U.S. nonagricultural machinery, chemical products, plastics, refrigerators, fertilizers, iron and steel also rose significantly.

In 1963, the U.S. supplied about 10.3% of Greece's total imports of $803 million. The Common Market's share was approximately 43%.

In comparing Greek import statistics for the first 2 months of 1964 with January-February 1963, a decline is noted in purchases of U.S. commodities (1963: $19 million; 1962: $23 million). The drop is attributable largely to a reduction in orders of oil seeds, not surprising in view of Greece's large 1963 olive crop.

Record expected

Greek imports of U.S. capital goods also dropped somewhat, for no discernible reason, but 1964 is still expected to be a record year in this category.

Partly offsetting the declines for the 2-month period were increases of 50% in imports of both U.S. manufactured goods and raw materials.

Preliminary figures for March 1964 show an upturn in overall Greek purchases of American products from March a year ago.

Greek shipments to the U.S. climbed 21% in January-February over the same period last year, to $19 million. The advance is assignable to an increase in tobacco sales, which accounted for 87% of overall Greek exports to the U.S. during the 2 months. Total Greek exports to all countries in 1963 amounted to $296 in value, an increase of 22% from 1962.

The current upsurge in Greek industrial production, stemming in part from the Government's stepped-up investment program, should result in mounting purchases of raw materials and capital equipment through 1964 and early 1965.

The Greek Government's preliminary investment program for 1964 called for a two-thirds rise in expenditures for capital goods by state agencies, including the Greek State Railways, the Greek Telecommunications Organization, and the Public Power Corp.

The outlook is for a continuing increase in imports of consumer goods through July, after which there may be a slowdown due to higher domestic production of some items and satiation of demand among the farm population. Following the recent peak of agricultural production, total Greek imports of foodstuffs over the next several months are likely to remain below the 1963 level.

To help U.S. businssmen promote new products in Greece as well as to increase sales of commodities already marketed there, the U.S. Department of Commerce will maintain a Business Information Center at the Thessaloniki International Trade Fair in September.

The Center will serve to attract and facilitate participation in the Fair by local agents of U.S. companies. In November, the Department will dispatch a U.S. Trade and Investment Development Mission to Greece.

Greece's present expansionary trend is also resulting in a considerable number of investment opportunities for U.S. businessmen. Examples of noteworthy projects currently being developed with U.S. participation are a $190 million industrial complex being erected at Thessaloniki by the American group, Esso-Pappas, and a $75 million alumina and aluminum plant being constructed at Antikyra by Reynolds with French and Greek help.

Largest ever

When completed, the Thessaloniki complex will represent the largest private foreign investment ever made in Greece. It will include a steel mill, a petroleum refinery, an ammonia plant and a petrochemical factory.

Tariff reductions by the Common Market for imports from Greece and Greece's physical proximity to the EEC, make Greece an attractive manufacturing base for U.S. firms.

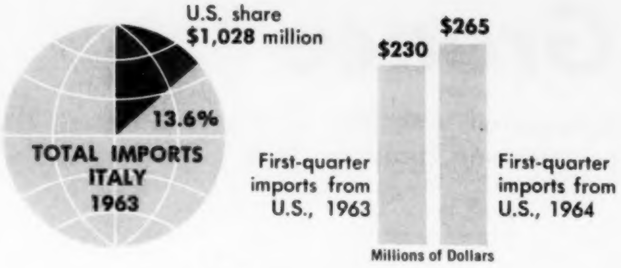
In the months to come, investment opportunities are likely to be particularly promising in certain industries which are labor intensive, such as electrical products manufacture, assembly operations, outdoor-furniture production, garment-making and food-processing. The U.S. businessman should be alert to these opportunities.

Italy

Rising incomes suggest there are good prospects for U.S. exports this year

By FERNAND LAVALLEE

European Division, BIC



U.S. exports to Italy, which were higher in the first quarter of 1964 than the corresponding period last year, show prospects of further increase during the remainder of the year.

The Italian economy continues to show steady growth. Industrial production increased throughout the early part of 1964. According to Italian statistics, domestic production for January and February was up 9% over the same period in 1963.

This growth was achieved despite the fact that production in many industrial sectors was adversely affected by rising costs, reduced profit margins and credit restrictions.

Output high

Consumer durables output remained high, though below that of the last half of 1963. Industries registering higher production rates in first-quarter 1964 included automobiles, rubber, chemicals and petroleum. Among the industries showing production decline were steel, construction and shipbuilding.

Leading U.S. exports to Italy are coal, aircraft, aircraft parts, machinery and precision equipment. In recent years heavy nonelectrical machines, farm implements and tools and a variety of electrical apparatus and parts, including washing machines, have been among the fastest growing exports to Italy.

As Italy's distribution system develops, it adopts new methods in wholesaling and retailing as well as production. Consumers with greater purchasing power develop new tastes.

They go shopping

Supermarkets, which were virtually unheard-of in Italy before 1959, now are flourishing in Milan and Florence. The chain, Supermarkets Italiani, retails American merchandise ordered directly from the manufacturers or through agents in Italy.

The company is preparing to introduce several new American items into its stores, such as paper towels, napkins and cups and toilet tissue. The supermarkets are also increasing their display capacity for frozen foods.

U.S. exporters should find a good demand for their products in Italy because of rising income in the nation, increasing consumer demand and greater industrial production. But the exporter must recognize the developing market when he sees it.

Other countries have taken advantage of the larger consumer demand in Italy. In fact, Italian producers—faced with increasing domestic prices—find it difficult at times to compete on their own market with foreign suppliers, mainly from the European Economic Community.

Testing and selling

On Jan. 28, the Department of Commerce opened a permanent trade center in Milan, providing a permanent facility to display products of U.S. exhibitors as well as a convenient and inexpensive means of testing the Italian market and locating an agent for U.S. products.

The first exhibit was an automotive service and maintenance equipment show. Orders booked amounted to $401,500 as reported by 18 exhibitors.

In addition to these booked orders, exhibitors estimated they would ring up $2,256,500 more in sales within a year of the time the exhibit ended—and all as a direct result of taking part in the show.

A useful comparison can be made between the value of U.S. exports of auto maintenance equipment to Italy in 1962 and booked sales of these products during the exhibit. In 1962, Italy imported $868,000 worth of auto maintenance and repair items from the U.S. In just one week, exhibitors at the first trade center show booked sales amounting to $401,005.

The Department of Commerce also participated in the Bari Trade Fair last year and will do so again in September.

Imports rise

During the first quarter of 1964 Italy's imports from the U.S. amounted to $265 million, an increase of approximately 15% over the corresponding period of 1963. Italian exports to the United States during the first two months of this year amounted to $68 million, an increase of 6% compared to 1963.

The U.S. continues to be Italy's second largest supplier after the Federal Republic of Germany, accounting for 13% of Italy's total imports.

Deficit continues

Italy's balance of payments deficit continued in the early part of 1964 following an overall deficit of $1.2 billion in 1963. Italian statistics for February show a foreign trade deficit of $433 million and a current account deficit of $283 million for the first two months of 1964, as opposed to $133 million through February, 1963. Official reserves, due in part to an IMF drawing, rose to $2.8 billion at the end of March.

The Italian Government is giving top priority to reducing the foreign trade deficit. It has initiated measures to increase agricultural production, limit internal consumption of durable goods and revitalize the Italian export promotion program.

Government acts

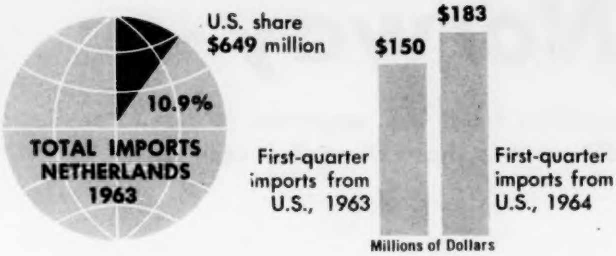
While Italy's domestic economy is still prosperous, signs of inflationary pressures have been showing recently. In an effort to check these, the Government introduced several anti-inflationary bills in Parliament.

The most significant of these measures include a purchase tax on automobiles and pleasure boats; a tax increase on gasoline, and installment credit restrictions. All except the credit measure were approved by Parliament in early April. The credit measure is expected to be passed soon.

The government also has reduced the payment period for imports of such items as automobiles, phonographs and domestic appliances from 360 days to 30 days.

Italy's South, known as Il Mezzogiorno, is undergoing substantial economic transformation and offers good opportunities for American exporters as well as investors. To encourage investments there, the Italian government has granted tax advantages, and reduced freight rates.

Netherlands



Economy booming, workers well-paid, adding up to bright market picture

By J. T. SEVERIENS
European Division, BIC

Prospects for expansion of U.S. exports to The Netherlands in 1964 continue to be bright.

In 1964, the gross national product should increase 5% in real terms. Figures for the first quarter already indicate that industrial production is headed for a record year. Sharp rises in Dutch incomes and expenditures should create a greater demand for U.S. products.

Wages up

All wages have been increased by a minimum of 10% over 1963 levels, and this percentage is being exceeded in some sectors. A large proportion of new wage contracts have averaged 11.6% increases, exclusive of fringe benefits which bring the increases up to 15%. In the important construction industry, with its 250,000 workers, basic rates have jumped 16% over 1963.

These wage boosts have put more money than ever before into the pockets of the Dutch consumer, permitting him to purchase a wider variety of consumer goods.

According to the Netherlands Central Planning Bureau, a Government agency, private consumption should increase by 6.5% in real terms. Private investment is expected to grow by some 13%.

Price rise

The competitive position of U.S. goods may improve, as rising Dutch wage costs force domestic prices up. By the end of April, consumer prices had increased 7% over December, 1963. A 4% rise in 1964 is predicted for prices of capital goods.

Leading U.S. agricultural exports to The Netherlands in early 1964 according to U.S. trade statistics were oil seeds, grains, cotton, fresh meat and fodder. Leading non-agricultural commodities were coal, organic chemicals, chemical products and machinery.

Opportunities for U.S. exports continue to be highlighted by natural-gas utilization equipment. Reports reaching the Department of Commerce are optimistic about increasing U.S. exports of high-quality instrumentation for meter and regulator stations, cooking equipment, space heaters and industrial burners.

American natural-gas equipment enjoys a considerable advantage in this relatively new gas-appliance market. The Dutch realize that the United States has had more experience in the use of natural gas than any other nation in the world, and they are anxious to benefit from this experience. American manufacturers will find a strong preference for their equipment whenever their prices are competitive.

Information on Netherlands safety specifications and testing requirements for gas-utilization equipment may be obtained from any Department of Commerce field offices, or by writing directly to the Gas Institute, Parkweg 17, The Hague, Netherlands.

Good bets

Other promising items are hydraulic and welding equipment, portable steam cleaners, stainless-steel valves, packaging and control equipment, machine tools and such consumer items as electric household appliances, home shop tools, recreational equipment, scientific toys and games, and women's and children's wearing apparel.

At the spring Utrecht Trade Fair, where the U.S. pavilion featured hydraulic and welding equipment, 23 U.S. exhibitors sold more than $750,000 worth of merchandise and estimated that about $3 million of business through 1965 would be directly attributable to their participation at the Fair.

Crucial factors

U.S. exporters should give close attention to sales promotion, competitive pricing, provision of adequate servicing facilities—particularly for major household appliances, vehicles and machinery—and prompt delivery.

Due regard for details, such as use of the Dutch language in promotional materials, use of the metric system, and Dutch electric-current specifications, may prove decisive.

According to the Netherlands Central Bureau of Statistics, Dutch imports in first-quarter 1964 were valued at $1.7 billion, 22% higher than in first-quarter 1963.

Exports totaled $1.3 billion, up 17%. The total value of Dutch imports for 1964 is expected to rise approximately 12%, while the value of exports should increase 6%.

As a result of the prospective faster rate of growth for imports over exports in 1964, the balance of payments on goods and services, which in 1963 showed a surplus of $133 million, is expected to be in deficit in 1964. However, such a deficit could be covered without difficulty from the country's large reserves of gold and foreign exchange.

Spurt

In the first quarter, imports from the United States totaled $183 million, 22% over first-quarter 1963. It should be noted, however, that part of this large increase may be due to the low level of U.S. exports during the corresponding period of 1963, reflecting the effects of our East Coast dock strike and the harsh 1962-63 European winter. As in first-quarter 1963, the U.S. share remained at about 10.7%.

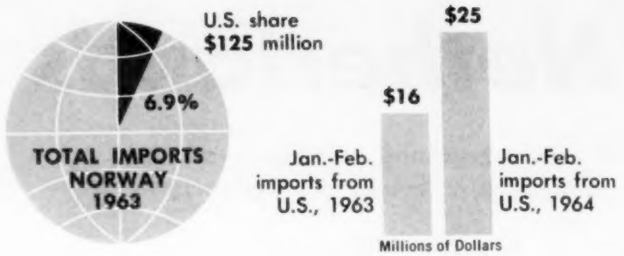
The Netherlands has recently adopted certain measures designed to hold down prices. Minimum down-payments on installment purchase have been raised by 5%. Special tax allowances on investments and accelerated depreciation benefits on industrial equipment were cancelled in February.

Other moves

Gasoline and cigarette taxes have been raised. Certain government investment expenditures have been deferred until October.

In a special effort to force down artifically high prices for consumer goods, the Government on June 15 prohibited collective retail price-maintenance agreements. The ban applied to all collective price agreements in effect between suppliers and dealers. These agreements set minimum retail prices on goods and enforced them through the threat of collective sanctions against retailers who sold below the agreed prices.

Norway



Imports from U.S. expected to rise 5% in '64; share of market also up

By GRANT OLSON
European Division, BIC

Norwegian imports from the U.S. should rise to the $130-$135 million range in 1964, or about 5% above last year's level.

Demand for new U.S. products is strong in Norway. Particularly good prospects are believed to exist for such lines as food packaging and processing machinery, materials handling equipment (especially equipment for cargo handling on ships); chemicals; synthetic textiles, children's clothing, women's dresses and lingerie; bowling alleys; battery-powered tools and instructional machines.

In the first quarter of this year Norwegian imports from the U.S. climbed to $36.5 million, 16% above the same period of 1963, while total Norwegian imports rose only 9%. As a result, the U.S. share of the Norwegian market rose to 9.2%, compared with 6.9% for the full year 1963.

The sharpest increases in U.S. sales to Norway occurred in grains, feedstuffs, tobacco, petroleum products, chemicals, textile yarns and fibers, iron, steel and machinery.

U.S. exports of grains, feedstuffs and oilseeds benefitted from exceptionally poor crops in the Soviet Union, which normally supplies a large proportion of the Norwegian market for these commodities.

Should Soviet harvests recover this year, Norway may resume its normal level of agricultural purchases from that country at the expense of the U.S.

There are more certain reasons for expecting a leveling out in the 1st quarter rate of increase of Norwegian imports from the U.S.

Exceptional circumstances

In the comparable period of 1963 this trade was depressed by an exceptionally severe winter in Norway and by the dock strike on the East Coast of the U.S. which lasted through the first third of January, 1963.

Norway has no quantitative restrictions significantly limiting imports from the U.S. Only a few products are still subject to import licenses, which in nearly all cases are readily granted.

Although Norwegian tariffs on non-agricultural goods imported from its partners in the European Free Trade Association (EFTA) have been cut by 60%, there is as yet no evidence that this situation has affected the competitive position of U.S. products in the Norwegian market.

Domestic competition

Competition is strong from well-entrenched domestic firms—including subsidiaries of U.S. and European companies—as well as from European exporters. U.S. firms entering the Norwegian market must be prepared to meet the service and terms provided by these competitors.

These include servicing, assistance in engineering and other technical problems, prompt deliveries and favorable credit terms. Norwegian businessmen are accustomed to receiving credit accommodations of from 1 to 3 months, instead of the confirmed letter of credit requested by some U.S. exporters.

The Norwegian economy is marked by a high level of activity. Production, employment and foreign trade all reflect the current vigor of the economy. The real gross national product (GNP) reached $5 billion in 1963, reflecting a growth of 5% during the year.

The Government's forecast for 1964 anticipates another active year, but with considerable inflationary pressures on the economy.

Norwegian industrial output increased around 8% in the first quarter of 1964 over the like period of 1963. A mild winter helped the transport of timber, providing an increase in the raw material supply of the wood processing industry. Exports of Norwegian timber and other forest products increasd markedly, reflecting a strong recovery in world demand.

Strong herring catch

The winter herring catch was considerably above that of recent years. The favorable catch boosted the incomes of fishermen and provided increased employment in the fishing and fish processing industries, as well as a greater supply of fish for export.

Shipbuilding, another of Norway's most important industries, has benefitted from a number of substantial orders from Norwegian and foreign shipping companies, insuring employment in this industry for some time to come.

Employment during the first quarter was at normal levels. Average hourly wages reached $1.19 at the end of 1963. This reflects an increase of 5.7% in the average wage rate for men during 1963. A new wage agreement for 1964 provides for a 4.9% increase in 1964 and a 1.6% increase in 1965.

Norwegian wholesale and consumer price indices moved steadily upward during the early months of 1964.

The rise reflects both normal price developments and some extraordinary price increases on certain key food items in the price index which had been held at artificially low levels during 1963 by means of government subsidies. The price index is related to Norwegian wage contracts and to agriculture and fishery supports, and may trigger later changes in these industries.

Balance better

Norway's balance of payments on current account showed considerable improvement over the first quarter of 1963.

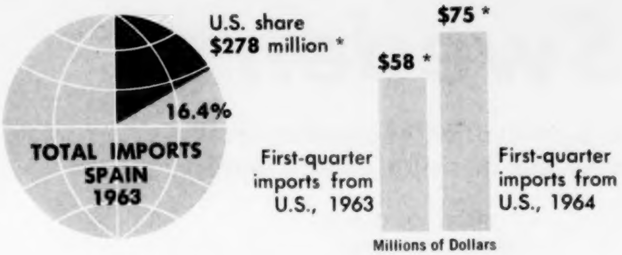
Preliminary tabulations show a deficit of $4.9 million, compared with $61.9 million for the same period of 1963. The lower deficit in 1964 was partly due to fewer ships being imported and more ships being exported, as well as better terms of trade.

The Norwegian Storting has approved a Government proposal to extend the mandatory annual vacation period for workers from the present 3 weeks to 4.

Under this new law, employer contributions to vacation funds will increase immediately from 7.5% to 9% of the payroll and in May 1966 the contribution will rise to 9.5%.

The four-week vacation will become effective May 1, 1965. When the law becomes fully operative in May, 1967, Norwegian workers will receive almost 4½ weeks pay for a 4-week vacation.

Spain



Export prospects good for U.S. firms; investment opportunities improving

By ARLEY T. CAUDILL
European Division, BIC

Spain is expected to remain a good market for U.S. products during the coming months. Investment opportunities also appear favorable.

An important element in this appraisal is the success thus far of the four-year economic development program launched this year. Industrialization in general is being pushed, and special efforts are being made to promote industry in some of the less developed regions.

Seven areas have been designated to receive special treatment, including tax benefits and subsidies, under this plan. Investment applications for projects worth $800 million ($140 million from foreign sources) have already been filed for these areas.

As the economic development plan gets well into its first year, it is opening many export opportunities for U.S. exporters.

Some examples

For example, the Ministry of Public Works has outlined the highway construction equipment to be acquired under the $33 million international bidding for the World Bank highway project, and the Director General of Ports has made public a tentative list of the port equipment to be bought during the next four years.

The Bonanza Canal project, near Seville, provided with funds under the development plan, will require heavy equipment. Many of the projects in the industrial promotion and development areas will benefit from the duty-free importation of capital equipment.

Considerable interest also has been aroused by last month's announcement that petroleum had been found in Spain. The well, situated in the Province of Burgos, was being drilled by an American company and the Spanish Petroleum Monopoly, CAMPSA, as a joint venture.

Need more tests

Early reports state the discovery is important but more tests are necessary before accurate evaluation is possible. Petroleum has not heretofore been found in Spain in commercial quantities.

Another measure was designed to encourage private industry by limiting the growth of state-owned companies under the National Institute of Industry (INI). One of the guidelines to the development plan is that before INI enters any new endeavor, public notice must be given with ample opportunity for private firms to present plans to perform the investment themselves. If they do, the INI proposition must be withdrawn.

Tax reform bill

A very important factor to the Spanish business world was the recently approved tax reform bill.

The new bill embodies extensive fiscal reform measures, most of which are designed to simplify and make more equitable the present tax system, which depends heavily on indirect taxation. It provides for increased revenues from direct taxation, and, through a general turnover or transactions tax, will extend the coverage of indirect taxes so the incidence no longer falls solely on a narrow range of products.

There is also emphasis on a general income tax instead of the former direct taxes on particular types of assets and incomes. Measures for improving assessment and collection methods are also contained in the new law.

Exchange reserves strong

In viewing Spain as a possible trading partner, the American businessman should consider the strength of Spain's gold and foreign exchange reserves. These stood at a record high of $1,148 million at the end of March. Aided by the early Easter, net tourist receipts rose for the first quarter of 1963, and are expected to show good increases through the year. Net long-term private capital inflow increased 77% over the first quarter of 1963 and totaled $77 million at the end of March.

For the fourth straight year Spanish imports in the first quarter rose by a large percentage over the same period of the previous year. The figure for the first quarter of 1964 was $550 million, a 32% increase. Total imports in 1963 were valued at $1,969 million, compared with $1,509 million in 1962.

U.S. exports to Spain continue to consist of machinery and capital equipment in general, and grains, raw materials for industry, basic foodstuffs, and chemicals. According to U.S. figures, U.S. exports to Spain totaled $278 million in 1963, as compared with $233 million in 1962. Despite the better showing of U.S. exports to Spain in 1963, they did not keep pace with the general rise in Spanish imports. As a result, the U.S. share fell slightly, from about 17% in 1962 to 16% in 1963.

Spain's total exports rose from $374 million in 1962 to $755 million in 1963. During the first quarter of 1964, exports increased 52% over the first quarter of 1963.

Import restrictions remain

Though trade prospects in general have been improving, especially in goods needed to develop the economy, import restrictions still prevail on some 40% of Spain's imports.

And the Spanish Government recently let it be known that further liberalization of imports will come more and more slowly because most of the remaining items affect domestic industry in some way.

This slowdown in import liberalization has already been felt in that no significant liberalizations have occurred in the past two years.

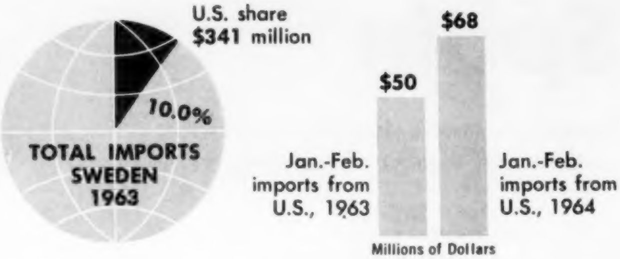
In the interest of trade promotion, the United States participated in the Barcelona International Fair last month with an exhibition devoted to the food processing industries. In addition, a trade mission to develop markets for various machine industries is to tour principal Spanish cities in October.

Selling tips

These activities only serve to point up the need for U.S. firms to promote sales in Spain through their own efforts. They should become more familiar with the Spanish market, sell more aggressively with the help of local advertising, and make every effort to meet the prices, credit terms, servicing, and other facilities offered by their competitors from Western Europe.

Sweden

U.S. cultivation of Swedish market reflected in rising export totals



By GRANT O. OLSON
European Division, BIC

The favorable market atmosphere for U.S. goods developed in Sweden in 1963 by the U.S. Trade Mission to Sweden and official U.S. participation in the St. Eriks Fair and the Stockholm Technical Fair has carried over into 1964.

Preliminary Swedish trade statistics show that imports of U.S. merchandise reached $341 million (c.i.f. value) in 1963, or about 10% of Sweden's total import trade. This represents a trade increase of 7% over 1962.

Swedish figures for 1964 show that imports during January-February reached $68 million, an increase of 36% over the like period in 1963. The most impressive U.S. gains were recorded for such categories as foodstuffs, textiles and textile fabrics, and equipment for building and construction. Notable gains were reported for most other products.

Because of the high standard of living (the hourly wage rate of $1.41 for an adult male worker is one of the highest in Europe), the ready access to the Swedish market for imports (practically no import licenses are required), and moderate import duties, Sweden has become one of the most competitive markets in Europe.

Former luxuries, such as house furnishings, household appliances, automobiles, travel and recreation equipment, are now becoming necessities and the market for such items is expected to continue to grow with the increase in population.

Record U.S. sales

The U.S. Commercial Attache in Sweden has predicted record sales of U.S. products in Sweden in 1964. Swedish distributors of U.S. products have been equally optimistic about the wide range of U.S. products they handle.

Product categories which appear to offer the best opportunities for new trade are food products, textiles and equipment for building and construction. This prediction is based on a concentration of requests from Swedish businessmen for commodities in these categories which they can import from the U.S.

The U.S. again is officially participating in the Stockholm Technical Fair (Oct. 2-9). The product theme of the U.S. exhibit is electronics. This exhibit offers American exporters an opportunity to present their products to interested Swedish and visiting foreign businessmen.

A new series of Swedish market surveys designed for U.S. exporters was started in April 1964 by a leading Swedish bank in co-operation with the U.S. Embassy. These market surveys will cover a wide range of industrial and consumer products and will be issued periodically.

Where to get them

Surveys on the market for chemical industry products and electronic products have been issued and distributed to interested U.S. exporters through U.S. Department of Commerce Field Offices. Reports also are distributed through correspondent banks of the Swedish bank.

The Swedish economy has shown steady expansion in most major areas since late 1963. The Swedish Institute of Economic Research forecasts a rise of 4.5% in the real gross national product (GNP) during 1964. The GNP reached a total of $14 billion in 1963, increasing by only 3.5%.

Official production indices show that the high production level of the last months of 1963 is continuing in the capital goods, iron mining, wood and wood pulp industries.

Industrial production in the first quarter of 1964 was reportedly 8% higher than the same quarter in 1963. Domestic consumer demand has maintained a rapid pace in 1964, led by high automobile sales. An increased flow of orders during the first quarter of 1964 improved the position of the Swedish engineering industry.

Employment is at a high level and there are prospects of a growing strain on the labor market. Efforts to recruit skilled workers in other Scandinavian countries are being continued. There are plans even to try to recruit skilled American workers, especially for the construction and automotive industries.

The latest published wholesale and consumer price indices show that prices have remained relatively stable. The price index for imported goods has shown a slowly rising tendency while the export price index has remained constant.

The 1964 expenditure plans of both the local and central Governments are reported to have a strong inflationary character. Expenditure by private industry, however, appears to have slowed down. A recent Government survey reveals that company investments in 1964 will be at about the same level as in 1963, or around $1.1 billion.

Low profit margins have reduced industry's capacity for the self-financing of investment projects and a restrictive Government credit policy has made the raising of capital more difficult.

Certain measures adopted by the Swedish Riksdag should benefit industry and improve investment opportunities. One piece of legislation allows deductions from taxes on capital equipment expenditures up to 10% of cost. A second measure continues in force regulations which make the issuance of shares easier and provides some tax relief on dividend payments.

Although Swedish businessmen welcomed these aids, they have claimed that investment could have been stimulated more effectively by easing restrictive credit policies and reducing public spending programs. It has been predicted that the Governmental budgets announced in January will eventually result in a $142 million deficit for 1964.

Tight credit

Restrictive credit measures have raised the official discount rate to 4½% (the rate remained at 4% from June, 1963 through January 1964).

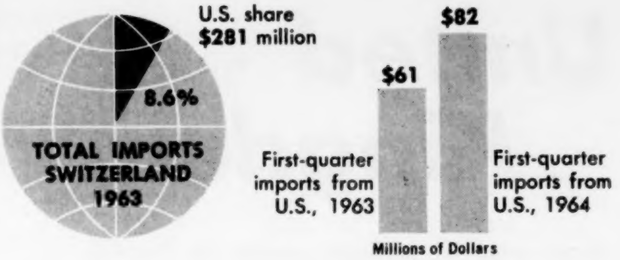
A penalty interest rate of 9% on commercial bank borrowing from the Riksdag, when the amount exceeds one-fourth of the value of the commercial bank's capital and reserves, also was introduced.

The Government floated bonds worth about $110 million to reduce liquidity and remove loanable funds from the market. The 5¾-6% interest rate on these bonds reflects a departure from the Government's low interest rate policy. The 6% rate is reported to be the highest offered on such bonds since 1919.

Switzerland

U.S. export sales of varied goods increase despite anti-inflationary policies

By ALEXANDER DAUMAN
European Division, BIC



All indications point to an increase in U.S. exports to Switzerland during 1964.

Although the Swiss Government's anti-inflationary policies may slow economic expansion somewhat, a high level of business activity is in prospect for the immediate future. Despite labor shortages, domestic consumption is rising. Industry is producing and exporting more than ever.

While total imports during the first quarter of 1964 were 17% higher than for the corresponding period in 1963, imports from the U.S. increased by a remarkable 33%. U.S. prospects for a larger share of the Swiss import market are enhanced by increased production costs in Switzerland and competing Western European countries.

Major exports

In 1963, machinery and transportation equipment accounted for $93 million, or almost one-third of total U.S. exports to Switzerland. Other exports included jewelry, instruments, photographic equipment, furs, leather, fabrics and clothes.

Swiss imports from the U.S. declined from $295 million in 1962 to $280 million in 1963 due largely to a drop in sales of U.S. aircraft, poultry and grain.

During the first quarter of 1964, imports from the U.S. climbed impressively to 33% (21 million) above those for the comparable period of 1963, primarily because of a larger volume of sales of U.S. machinery and transportation equipment, grain, chemicals, raw cotton and textiles.

Outlook excellent

Possibilities for expanding U.S. exports to Switzerland are excellent. An increase in camping and other outdoor activities is creating a greater demand for U.S. sportswear, camping and sports equipment, and garden tools.

Favorable sales prospects also exist for foodstuffs, piece goods, high fidelity equipment, records, cosmetics, stationery, costume jewelry, novelties, household appliances, glassware, early American furniture, clothing, toys, hand power tools and do-it-yourself merchandise.

The sale of U.S. consumer goods in the Swiss market was given considerable impetus by the extremely successful storewide "America Weeks" promotions organized by three Swiss department stores. Total retail value of U.S. goods, purchased through a New York buying office, was more than $1 million. Many items were sold out within hours and at the close of the promotions virtually no stocks remained.

Untapped market

It should be noted that the market in Switzerland for many U.S. consumer goods remains virtually untapped. U.S. capital goods have been competing successfully in the Swiss market and their quality and performance are generally well-known and appreciated.

Good opportunities exist for technologically-advanced equipment which could help Swiss industrialists compensate for labor shortages by increasing productivity. Current Government policy limiting the employment of foreign workers, on which Switzerland depends heavily, will further increase the need for automation and modernization.

Introducing new equipment

An excellent method for introducing new equipment in the Swiss market is by means of specialized trade fairs. U.S. companies in relatively large numbers are now exhibiting in these fairs.

A situation meriting special attention exists in the construction industry, in which production is consistently falling behind demand although industry's capacity has more than doubled in the last decade.

It would appear that the adoption by Swiss builders of U.S. methods of construction could help resolve the problem. Introduction of such methods on a large scale would require considerable promotional effort on U.S. industry's part. This should result in increased sales of U.S. machinery and materials.

Swiss imports totaled $3.25 billion in 1963, up 8% from 1962, and exports rose 9% to $2.42 billion. In the first quarter of 1964, imports climbed 17% reaching $873 million, while exports rose 9% to $604 million.

Chief imports

Principal imports were machinery and transportation equipment, chemicals, pharmaceuticals, fuels, plastic materials, and textiles. Leading exports included machinery, watches, textiles, chemicals and pharmaceuticals.

The European Economic Community (EEC) continued to be Switzerland's principal trading partner, supplying $531 million of Swiss imports ($483 million in the first quarter of 1963) and taking $252 million of exports ($238 million).

Switzerland's partners in the European Free Trade Association (EFTA) supplied $128 million of imports ($110 million) and took $210 million of exports ($101 million).

The U.S. remained Switzerland's first overseas supplier by providing $82 million in the first quarter of 1964 ($61 million in the same period of 1963) and taking $49 million of exports ($48 million).

Consumer demand high

The Swiss economy continued to flourish during the early months of 1964. Housing construction remained active. The tourist trade was livelier than in 1963.

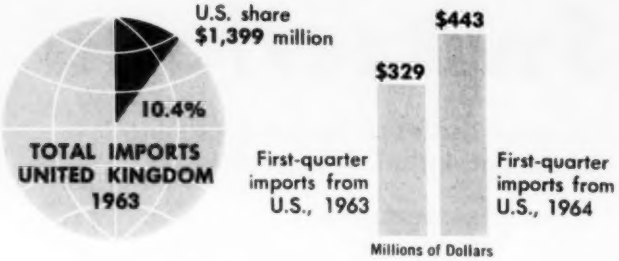
The high consumer demand was reflected in a sharp increase in retail sales. In January and February, these sales rose by 9% and 15%, respectively, in comparison with the corresponding months of last year.

A persistent labor shortage continued, and the average hourly wage of Swiss workers increased 8% in 1963. The rise in the cost of living was 4%.

Recently, the Government took steps to counteract inflationary pressures by a series of measures designed to limit the inflow of foreign capital and the expansion of domestic credit.

However, within limitations priority will be given to loans for agriculture and for the financing of imports and housing. At the same time, restrictions were placed on non-essential construction in favor of low-cost housing.

United Kingdom



Sharp rise in imports presages boom; Government tries moderating growth

By CHARLES HAMMOND

European Division, BIC

Excellent prospects exist for increased U.S. exports to the United Kingdom. Stimulated by increases in real disposable income of 5% in 1963 and increased consumer expenditures of a similar amount, the current U.K. economic picture is the best of many years.

Following a 2-year slump, the economy began an upturn in the middle of 1963. It has continued into 1964 at a year-to-year growth rate of 6%.

For the rest of the year, increased public and private investment, continued stockbuilding—although at a slower rate—and expanding consumer expenditures are expected to add to an already buoyant demand. With resources already pressed (the unemployment rate is under 2%) a large increase in imports is foreseen.

Fixed investment should rise by 10% in 1964, offering promising export opportunities for U.S. manufacturers of automation equipment, highly specialized industrial machinery, and industrial control apparatus. British manufacturers increasingly are becoming concerned about labor costs, quality control, and industrial design.

Government adopts policies

To assist in modernizing British industry, the Government has adopted policies giving favorable depreciation allowances for certain industries and, for industries in depressed areas, making additional assistance available. These policies point up market opportunities which the U.S. should be quick to exploit.

There may be good market possibilities for oil drilling apparatus and engineering equipment in connection with the exploration and likely exploitation of oil and gas in the North Sea area.

Commenting on the prospects for finding significant deposits in this off-shore area, the Minister of Power said this might be a turning point in the economic development of the United Kingdom and could mark the start of a new industrial revolution.

While the extent of the resources is not yet known, preliminary estimates indicate they are considerable. Drilling operations are expected to begin by September.

The consumer field should not be neglected. Total U.K. imports of consumer goods increased substantially in 1963. Imports of clothing and footwear in the fourth quarter of 1963 were 38% greater than a year earlier. Provisional estimates indicate consumer expenditures will be 4% greater this year.

Trade missions assist exports

A number of current and planned Commerce Department programs will directly assist U.S. businessmen in their export efforts. The London Trade Center has scheduled exhibits on industrial and mine safety equipment for this month and on heating, ventilating and air-conditioning equipment for September.

A U.S. Trade Mission of Electronic Equipment has just returned from the U.K. where it has been active in promoting U.S. exports.

Paradoxically, the high economic growth rate concerns the Government, which fears that a 4% rate is the most that can be sustained given the current supply and mobility of British resources.

Anything exceeding this rate, it is feared, will create inflationary pressures and strain the balance of payments. To temper this current high rate of expansion, the Government raised the discount rate from 4 to 5% last February and increased taxes on tobacco and alcoholic beverages for the 1965 fiscal year.

Limiting price and wage increases, which rose by 2 and 4½%, respectively, in 1963, remains among the chief concerns of the Government. As resources become fully used, the possibility of demands for increases in both prices and wages assumes greater importance.

U.K. imports outpace exports

Total U.K. imports in 1963 increased by 7% over the previous year. Imports from the U.S. were up by 5%. In 1963 the U.K. bought $1.4 billion of goods from the U.S., which represented 10% of the nation's total imports for the year.

Heading this list were imports of non-electrical machinery, $215 million; cereals and preparations, $149 million; chemicals, $141 million; tobacco, $135 million, and electrical machinery, apparatus and applicances, $86 million. The latter category has shown marked growth in the last 10 years.

First-quarter figures for 1964 indicate a continued expansion of British imports, a 7% increase over the fourth quarter of 1963 and 21% more than the first quarter of 1963. Main increases were in imports of industrial materials and in finished manufactures, especially in machinery.

Imports from the U.S. rose sharply in these first 3 months of 1964, 4% more than in the last quarter of 1963 and over 30% more than in the first quarter of 1963.

Noticeable increases occurred in miscellaneous manufactured goods in which imports from the U.S. doubled. Other significant increases were in electrical and non-electrical machinery, chemicals, wheat and corn.

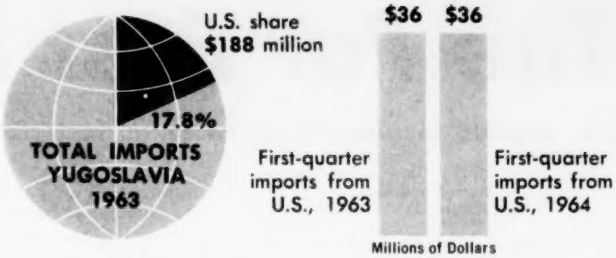
Weakness in payments

In view of these large imports, a current weak spot in the British economy appears in the balance-of-payments. While the surplus on current account in 1963 was larger than that in 1962, it steadily deteriorated throughout the year. Although British exports also had a banner year in 1963, their rate of growth in the last 6 months has fallen behind that of the record imports.

A large portion of these imports has been for stockbuilding, which has continued during the first quarter of 1964. Consequently, the first quarter trade balance became worse, contributing to a current account deficit of almost $300 million.

This rapid increase in stockbuilding is not likely to continue during the rest of the year. As exports are expected to show an 8% increase, the year's current account deficit is not expected to enlarge beyond this $300 million figure.

Yugoslavia



All branches of industry register gains; U.S. sales show promise

By ARTHUR J. LAEMMERZAHL
European Division, BIC

U. S. exporters should be able to increase sales to Yugoslavia in the coming months by enlarging present markets and finding new ones in the rapidly expanding Yugoslav economy.

Outside of surplus agricultural commodities—sales of which are sharply reduced this year—the United States has been an important supplier of raw materials and capital equipment for industry.

These include coal and coke, petroleum products, scrap metal, hides, agricultural and industrial machinery and, in particular, electrical, construction, and metal working equipment.

First-quarter gains

In the first quarter of 1964 all branches of Yugoslavia's industry showed gains except shipbuilding. The growth leaders were building materials (up 50%), tobacco (up 46%), the electrical equipment industry (up 38%), non-metallic manufactures (up 36%), lumber (up 29%), chemicals (up 28%) and the metals industry.

Shortages in the building materials industry, particularly in plate glass, plasterboard and reinforcing steel, remained because of the heavy demands brought about by the reconstruction of Skopje.

Plans to streamline

Despite striking advances in industrial production over the last 2 years, Yugoslavia must achieve a higher level of efficiency in its economy if it is to meet the demands of its people for a greater share in the benefits of industrialization and if it is to improve its balance of trade.

Yugoslavia plans to streamline its internal economic structure. In particular, it expects to modernize its railroads, construct additional roads and expand the petrochemical, mining, and power industries.

Examples of projects of this nature are the planned erection during 1965-68 of six thermal power plants, and the electrification by 1969 of 120 miles of railroad in Bosnia-Hercegovina, Croatia and Slovenia, including the purchase of 200 new locomotives.

Yugoslavia also needs to acquire a higher level of technology in order to make its products more attractive to foreign markets, and is likely to be interested in purchasing licenses for process and production rights.

Good reputation

U.S. equipment and technology have a good reputation in Yugoslavia, and a concerted sales effort can be very rewarding for the enterprising American businessman. To support such sales efforts, a United States Trade Expansion Mission to Yugoslavia is scheduled by the Department of Commerce for Oct. 3-31.

Included in the Mission will be representatives of the packaging, engineering and production, electronics and components, heavy construction, mining and petrochemicals industries.

As usual with such missions, U.S. firms will have the opportunity to submit business proposals—export, import, licensing—which the Mission will take to Yugoslavia for promotional purposes.

These efforts often result in lucrative business arrangements for the U.S. trading community. Interested firms should get in touch with the Department of Commerce, Trade Mission to Yugoslavia, Washington, D.C., 20230.

Markets also will be found in Yugoslavia for items needed in Yugoslavia's booming tourist industry, which this year promises to earn $100 million in foreign exchange, a 60% increase over last year.

Yugoslavia requires hotel equipment, restaurant equipment and food processing equipment. Some of these items will be featured at the United States exhibit at the Zagreb International Fair (Sept. 5-20), which has the food industry as a theme.

American exporters desiring further information on the fair should write to Zagrebacki Velesajam, Zagreb, Yugoslavia.

Credit terms

To a certain extent the ability to sell in Yugoslavia will depend on the credit terms that can be extended. Yugoslavia has for some time been faced with a serious balance of payments problem. It has nevertheless shown itself to be highly responsible in the service and payment of its debts.

In addition, Yugoslavia is able to meet the foreign exchange requirements necessary to service its external debts through receipts from tourism alone. Although the terms requested by a Yugoslav enterprise in any particular transaction may be more liberal than the American firm is accustomed to extending, there may be little additional risk involved.

U.S. share drops

So for this year, United States participation in Yugoslavia's expansion has not been entirely satisfactory. United States exports to Yugoslavia for the first three months of 1964 amounted to $36 million—about as much as for the same period last year—but the U.S. share of the market dropped from 15.7% to 11.7%.

During this time, industrial production in Yugoslavia increased by 19%, retail trade by 25% (this increase was led by sales of consumer durables), imports by 33% and exports by 20%.

The increases registered so far this year in Yugoslavia's imports have been concentrated largely in supplies for exporting industries, for which foreign exchange allocations are now awarded at the beginning of the year rather than quarterly.

Lost sales

Sales in this category may have been lost to the U.S. because of Yugoslavia's growing reliance on trade with countries with which it has bilateral agreements (mostly less-developed countries and Soviet-bloc countries) for the supplies of raw materials it requires.

Late this year Yugoslavia will publish a seven-year plan (1964-70). This will provide important indications as to the future direction of the Yugoslav economy.

Its chief emphasis probably will be on streamlining the economy, upgrading quality and producing more consumer goods. In addition to the specific projects that it may include and that may indicate sales opportunities, it is expected to call for further decentralization of the economy and liberalization of imports.

The Far East beckons

U.S. exports to area rising twice as fast as sales to rest of world

By staff members
Far Eastern Division, BIC

Reflecting improved economic conditions in many countries of the area, U.S. sales to the Far East registered a strong upward trend in 1963 and should continue to register substantial gains.

U.S. exports to the Far East were valued at more than $3.5 billion in 1963, 18% above the previous year's figure. This was more than double the percentage growth in total U.S. exports.

First quarter 1964 data indicates a further expansion, with sales of U.S. goods reaching $926 million, up 16% over the corresponding quarter of last year. This increase was spread over 8 of the 14 countries in the area.

It featured a 30% jump in exports to Japan, the best U.S. foreign customer after Canada. Higher purchases also were made by Australia, The Philippines, Hong Kong, Thailand, New Zealand, Malaysia and Laos. This more than offset reduced buying by Korea, Taiwan, South Viet-Nam, Indonesia and Cambodia.

Admittedly, without the shipping strike early last year which delayed some exports, the comparison of the first 3 months of this year with the same period of 1963 would not be quite as impressive. However, the basic strength of the Japanese economy, coupled with continued economic growth in Australia, Hong Kong, The Philippines, Thailand, Taiwan and New Zealand, indicates that U.S. exports to the Far East should remain at high levels in the coming months.

Moreover, several new export records may be set for individual countries. This should include Hong Kong, whose free enterprise economy, despite earlier rapid growth and extensive diversification, still retains its remarkable forward motion.

U.S. sales spurt

The colony normally is the fifth largest U.S. market in the Far East. The nearly 60% rise in U.S. first quarter sales there—the sharpest gain in any of the Far Eastern markets—presages a record total for the year.

U.S. exports to Thailand, now in the fourth year of its economic development program, may also exceed the 1963 peak.

Australia and New Zealand also represent areas where new sales marks may be achieved this year. Australia, a $500 million U.S. market and the second most important in the Far East as far as American suppliers are concerned, registered a gross national product (GNP) growth rate of 8% on an annual basis in recent quarters. New Zealand, although having a much smaller economic base, is expecting a 9% rise in GNP this year.

Japan, which accounts for almost half of overall U.S. shipments to the Far East, may shortly be a $2 billion market, even though it is experiencing the type of periodic balance of payments difficulties which it has always successfully resolved.

Japan cements status

By becoming an Article VIII country under the International Monetary Fund (IMF) and joining the Organization for Economic Cooperation and Development (OECD), Japan formalized her status as a leading industrial nation of the free world.

U.S. exports to The Philippines, the third-ranking Far East market for the U.S., may top the 1963 total, but without establishing a new benchmark. In this area, U.S. suppliers will face declining tariff preferences next year. American investors already operating in the country are currently encountering some difficulties, due to recent legislation.

While exports to Korea may not reach last year's record, the aid program should help the U.S. retain its dominant position in the Korean market. In Taiwan, however, U.S. aid is being phased out. There are signs of rising protectionism and growing competition from other suppliers, making the prospects for an immediate increase in U.S. sales uncertain.

Although first-quarter 1964 exports to Malaysia were up only fractionally, the new nation has coalesced politically and is being unified economically, despite the problems caused by Indonesia's "confrontation" policy. The broader market should offer attractive trade and investment opportunities.

In contrast, the U.S. sales outlook for Indonesia, where economic deterioration continues, is not encouraging.

Exports to South Viet-Nam and Laos will be largely geared to the U.S. aid programs, as well as political and military developments. Sales to Cambodia probably will remain at low levels.

On the import side, U.S. purchases from the Far East last year were down slightly to $3 billion, but increased 5% in the first quarter of 1964 compared with the corresponding period of 1963.

The high level of U.S. economic activity and increased availability of commodities from the Far East should result in an enlarged U.S. import total .

The Far East, as a whole, offers a vast market area whose potential has not been fully explored by U.S. exporters. With U.S. aid becoming less important, in overall U.S. sales volume, the need for more active investigation of this market by business is more imperative than ever. Competition also is intensifying, making renewed sales efforts doubly essential.

The U.S. Department of Commerce is increasing its promotional activities in the area. Over the past year one Trade Mission visited Hong Kong and Malaysia, and another recently returned from Australia and New Zealand. Both achieved impressive results.

Plans for the coming year include trade missions to The Philippines, Hong Kong and Taiwan, the mounting of a U.S. products exhibit in Hong Kong and a sample products display in Manila.

U.S. Trade Centers in Tokyo and Bangkok, now backed by the experience obtained from earlier shows, are mounting exhibits tailored to the particular markets they serve. Official U.S. participation in the area's international trade fairs also continues.

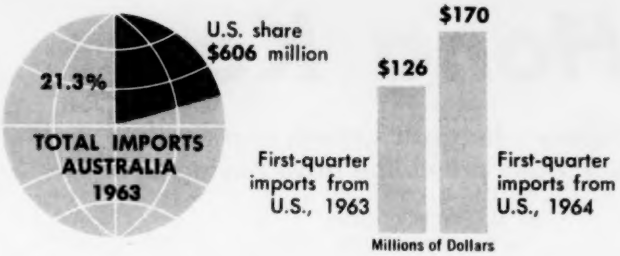
As with any foreign market, actual sales can only be made by U.S. suppliers themselves—offering the best price, delivery, credit terms and service they can. This can best be accomplished when U.S. exporters visit the area, investigate the market and select aggressive agents or encourage those they already have.

The Far East is made up of a variety of distinctive markets, each with differing needs and desires, and varying income levels to support those desires.

Although income levels are still extremely low in much of the area, they are on the rise. This trend has been accelerated by U.S. licensing agreements and equity investment, and more is required if the economic programs of the developing nations are to move forward at the desired speed.

Expanded U.S. trade with the area, and increased investment in those countries receptive to foreign capital, can do a great deal to benefit both the Far East and the U.S.

Australia



Business, industry set dynamic pace; U.S. exports should continue to rise

By RICHARD N. KIRBY
Far Eastern Division, BIC

The dynamic pace of business, industry and trade of this vast down-under dominion leads all responsible observers to conclude the outlook for Australia in commerce is bright in the year ahead.

U.S. exports to Australia are expected to increase beyond the one-half billion dollar level of 1963.

Australian imports during the first quarter of 1964 were $663.2 million, or 12.6% above those for the comparable period of 1963. Exports during the first quarter, valued at $789.3 million, were a spectacular 25.5% above the corresponding 1963 volume. Prospects for further increases in trade in the months ahead are bright.

Steady growth

During the first half of 1964, the Australian economy continued the steady expansion and growth which had characterized the country's progress throughout 1963.

Important new finds were made in the search for minerals, natural gas and petroleum. The rate of growth in Gross National Product was reported to be over 8% in the final quarter of 1963 and the first quarter of 1964.

Indices of factory production in recent months have shown further improvement and, when coupled with very favorable prospects in the agricultural sector, lead to forecasts that the steady progress during the current fiscal year will continue into 1965.

'Boom' conditions

The building industry, which had a rather hesitant recovery in 1963, has seen developments which have grown into something approaching "boom" conditions in 1964. Building approvals alone during the first quarter of this year were 17.8% higher than during the same period last year.

Contributing strongly to the existing buoyancy of the economy were increases in the level of foreign investment which, at $502 million during the first quarter of 1964, was 60% more than during the previous fiscal year. Impressive export performance, particularly of agricultural and primary products, raised the country's foreign exchange reserves to record levels.

Gold and exchange balances held abroad by the Reserve Bank at the beginning of April exceeded $1.5 billion for the first time since the Korean War.

The country's total international reserves in April were approximately $1.8 billion, an improvement of 35.7% over the position reported the year before.

In spite of the high foreign investment and excellent export returns, there has been little indication of any spectacular increase in consumer spending. While there was an increase of more than 6% in retail sales during the first quarter, the level of personal savings increased by more than 14.4% over the comparable period last year.

United States exports to Australia totaled $399 million in 1962, $523 million in 1963 and $125.7 million for the first quarter of 1964. The U.S. share of the growing Australian market is about 21%.

American exports increased by 31% in 1963 and 16% in the first quarter of 1964. Prospects are that U.S. sales will increase further in 1964 but at a lower rate than in 1963.

Major categories

The major categories of imports from the United States in 1963 and in the first months of 1964, and the approximate U.S. share of the market in these categories, were:

Metals, manufactures, and machinery, 28.1%; chemicals, fertilizers and drugs, 29.7%; paper and stationery, 19.1%; tobacco, vegetables substances, and fibers, 38.9%; and optical, surgical and scientific instruments, 19.3%.

In 1964, as in the previous 2 years, the major suppliers of Australia's import requirements are the United Kingdom, the United States, Japan, West Germany and Canada, in that order.

The potentials for increased sales in this growing market are not lost on other foreign suppliers. Prospects are that the competition will increase in the months ahead, particularly from the United Kingdom, Japan and the Common Market countries.

In an attempt to boost sales to Australia, the United Kingdom has launched an export drive estimated to involve $2 million in expenditures.

In 1964, the United Kingdom will hold an industries fair in Sydney and reportedly is preparing to establish a trade center patterned after the very successful Japanese center there.

Mission report encouraging

A U.S. equipment and machinery mission to Australia last spring launched the current phase of the Department of Commerce export expansion drive in Australia.

In general, members of the mission found Australians want U.S. products and welcome American investments (particularly joint ventures which supply U.S. technology and know-how), and that the potential for exports of American machinery to this expanding market are excellent.

The mission noted that the U.S. has good sales prospects in the expanding food processing industry for processing equipment; for machine tools and control equipment, and in the textile industry, which shows a definite trend to modernize and to discard obsolete weaving and spinning equipment.

Among the most significant findings of the trade mission were reports of opportunities that exist for U.S. suppliers who take advantage of applying for "by-law" tariff exemption to the Department of Customs and Excise in Canberra through their Australian importer.

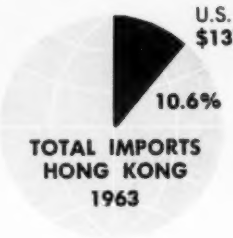
Thousands of "by-law" applications are approved each year for unique American products which are not available from Australian or British sources of supply. It has been reported that, in some categories of products, over 90% of all imports are admitted at the concessional rate of duty.

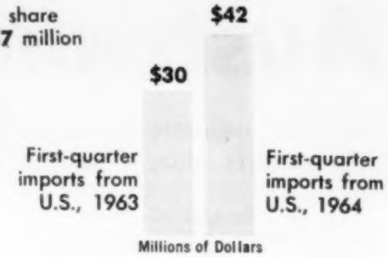
American exporters should appraise their efforts to expand trade with this dynamic market. The U.S. trade mission has reported that specialist organizations are available in Australia to assist importers. Interested U.S. exporters can obtain names of these firms by writing to the Bureau of International Commerce.

Hong Kong

Colony's fantastic growth continues; U.S. trade promotion drive paying off

By MAURICE KOGON
Far Eastern Division, BIC





The vigorous pace of development in Hong Kong is exceeding all expectations. The U.S. has recovered its market position, and prospects are excellent for a sharp increase in sales during 1964.

Each year, the unbelievers among Hong Kong's astute business community predict an inevitable levelling-off of the Colony's fantastic growth. Each year, they have been happily and resoundingly proved wrong.

This year is no exception. The free-enterprise economy is continuing to expand in every conceivable direction, including upwards in new building and construction, and sideways in new land reclamations.

When will it all end? Many feel that Hong Kong is only beginning to exploit its potential. They see large, untapped markets in Europe; increasing export possibilities in Africa, Latin America, and the Middle East, and a sharply increased role as an entrepot for U.S. and European goods destined for the budding markets of Southeast Asia.

Recent export and re-export trends confirm the existence and cultivation of these markets. In 1962 and 1963, locally produced exports increased by 13% and 15%, and re-exports by 9% and 8% respectively. In first-quarter 1964, locally-produced exports rose by another 15%, while re-exports increased 20% above first quarter 1963.

Breathtaking

To supply these markets, new industries are being developed, existing ones expanded, and factories and commercial facilities constructed at a breathtaking pace.

Accordingly, imports of industrial raw materials and capital equipment are increasing. Labor is kept fully employed. Wages and purchasing power are rising and people are buying more and more consumer luxuries, both locally-produced and imported.

U.S. suppliers have not fully appreciated the versatility and absorptive capacity of this amazing market. Almost any kind of business can operate in Hong Kong, and virtually any product can be sold in or through it. Unless the opportunities are recognized and exploited, the U.S. position in the market will decline as the Colony's total imports increase in volume.

In 1963, Hong Kong's total imports increased by 11% to $1,297 million, while imports from the U.S. fell by 1% to $138 million. Accordingly, the U.S. share of the market declined from 12% in 1962 to 10% in 1963. The U.S. dropped to fourth place among the Colony's leading suppliers, topped by Mainland China, Japan and the United Kingdom.

Trade promotion

Late in 1963, the Department of Commerce sent an official U.S. Trade Mission to Hong Kong to promote trade and commercial interests in the Colony. The response was overwhelmingly favorable, and since then U.S. exports have increased sharply.

In the first quarter of 1964, while Hong Kong's total imports rose by 19% over the first quarter 1963 figure, from $301 million to $357 million, imports from the U.S. increased by 43%, from $30 million to $42 million. This brought the U.S. share back up to 12%, and the U.S. again became the Colony's third ranking supplier, rising above the United Kingdom.

The Commerce Department plans to mount a Solo Exhibit in Hong Kong in the spring of 1965 and to send another Trade Mission to the island in the fall of 1965.

Best prospects

Among the best community prospects for increased U.S. sales are raw materials, such as plastic molding compounds, raw cotton, man-made fabrics, leaf tobacco, lubricating oil, paperboard, sanitary and plumbing fixtures; capital goods, such as construction machinery, packaging and assembly machinery, office machines and air-conditioning and refrigeration equipment; food products, such as flour, soybean and soybean oil, milk products, fruits and vegetables (frozen and canned), canned and frozen meats and poultry, sugar confectionary, and animal feeds, and other consumer goods, such as clothing, cosmetics and toiletries, cigarettes, pharmaceuticals, photo equipment and supplies, sporting goods, air conditioners and refrigerators.

Highly competitive

In a highly competitive market such as Hong Hong, creative salesmanship is the key to success. Consumers will buy anything which appeals to them, but in many cases the demand must be created and stimulated.

This requires intensive and imaginative advertising much along lines of advertising in the U.S. Most Hong Kong agents and distributors are well equipped to plan and conduct effective advertising campaigns introducing new products to the local market.

Producers, on the other hand, are more sophisticated in their purchase of raw materials and equipment. Price looms large among their purchasing criteria, since they must keep production costs down so their products can compete in foreign markets. Liberal credit terms are particularly important when price competition is difficult to meet. Repayment terms of 1 to 5 years for heavy machinery are a common practice in Hong Kong.

Other factors

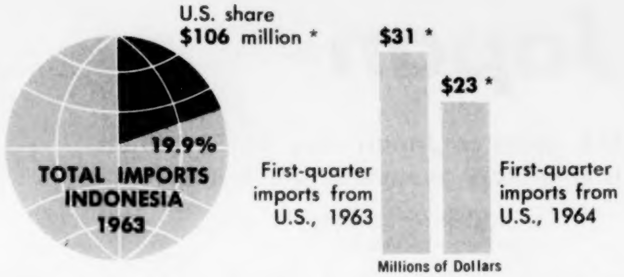
Producers will also consider such factors as product quality, durability, versatility and servicing when buying components and machinery, provided they can be persuaded that these factors will more than compensate for price deficiencies in the long run. This again requires intensive promotion on the part of U.S. exporters.

Personal contacts are most productive. Where they are impossible, periodic correspondence with potential buyers, provision of price lists and catalogs, notification of new processes or production techniques and other signs of interest in the buyer's good will are particularly effective.

Indonesia

Economic deterioration dims U.S. trade outlook; first-quarter sales drop

By VIRGINIA WEBBERT
Far Eastern Division, BIC



The outlook for U.S. trade with Indonesia in 1964 is discouraging as all signs point to a continuation of the economic deterioration that country has been experiencing for some time.

The Government's small foreign exchange reserves, low export earnings, and heavy obligations to service foreign debt make it impossible to import even minimum requirements to maintain current production and consumption.

Local industries continue to produce at far below capacity for lack of raw materials and spare parts. Heavier rice imports because of a poor crop put additional strain on foreign exchange resources.

Indonesia's political confrontation of the new nation of Malaysia in September, 1963, and the accompanying trade ban caused further loss of sales for depressed export industries and reduced imports.

Lower Government revenues from duties and import surcharges, as well as other adverse factors, have forced Indonesia to abandon economic stabilization measures adopted in May, 1963.

The Government's budget revenues currently support less than half its expenditures and the deficit is being covered by issuance of new currency. In 1964, the money supply is likely to double and prices increase by 100%, as in 1962 and 1963.

Rapid inflation has caused liquidity and other problems for Indonesian business, and makes it virtually impossible for the prviate sector to increase participation in development activity.

Production-sharing ventures

Production-sharing arrangements have attracted small amounts of foreign private capital, but large-scale direct investment is prevented by Government restrictions on equity capital. No investment guarantee agreement with the United States is yet in prospect.

The investment climate has further deteriorated since confrontation, with Indonesia's supervisory "take-over" of British investments (except the predominantly British Shell Oil Co.) as a result of the Indonesian Communist Party's drive to seize all foreign-owned properties.

Although the Government declares the supervision is temporary and does not constitute expropriation, these actions have dampened the enthusiasm of all but a few foreign firms which have already contracted for production-sharing arrangements or joint marketing ventures.

Production-sharing arrangements with foreign firms are still sought by the Government. The serious foreign exchange situation, however, reportedly will require that new production-sharing ventures be closely allied with the maintenance, expansion or modernization of existing industries.

No new aid

Almost no new government-to-government loans have been made to Indonesia this year. The United States has announced that although programs already scheduled will be continued, no new aid to Indonesia will be considered until the dispute over Malaysia is satisfactorily settled.

In recent years U.S. aid programs (PL 480, Export-Import Bank, and Agency for International Development) have financed more than half of U.S. exports to Indonesia. These totaled $120 million in 1962 and $106 million in 1963 (U.S. Census figures). Because of aid-financed exports, the United States in 1963 outdistanced Japan as Indonesia's major supplier, providing over one-fourth of Indonesia's imports.

Although withdrawal of U.S. aid will not be complete in 1964 because of some continuing programs, U.S. exports are expected to drop considerably, both because of the aid cuts and Indonesia's reduced ability to import from its own resources.

The fall is partly reflected in U.S. exports to Indonesia in the first quarter of 1964. These amounted to $23 million or one-fourth below the figure for the corresponding quarter of last year.

Recent reports from Djakarta indicate that commercial exports to Indonesia involve the use of credit to an increasing extent, with deferral of payments for 1 to 3 years for capital goods purchases. Suppliers charge interest for the grace period and may require a down payment.

Reportedly, exporters in Japan, West Germany and France are competing aggressively for the reduced market and seem flexible in meeting credit demands of Indonesian importers. U.S. suppliers wishing to export to Indonesia must be prepared to compete in the extension of credit.

In both 1962 and 1963, U.S. sales of PL 480 commodities, mainly rice, totaled more than $40 million and constituted the largest share of U.S. exports to Indonesia. The $14 million decline in the total value of U.S. exports in 1963, compared with 1962, consisted mainly of reduced sales of industrial machinery. This fell from $24 million in 1962 to $13 million in 1963.

Chemicals, lubricating oils and iron and steel mill products also were lower in value. Sales of transportation equipment increased from $8 million in 1962 to $18 million in 1963 through Indonesian purchases of U.S. aircraft.

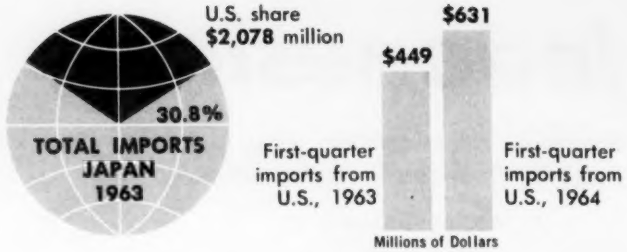
U.S. imports from Indonesia fell from $134 million in 1962 to $113 million in 1963, mainly because of reduced purchases of crude petroleum and tin. Major imports continued to be crude petroleum ($39 million), crude rubber ($36 million), spices ($13 million) and coffee ($12 million).

Rubber shipments recover

The Government of Indonesia seems confident that Indonesia can weather its economic difficulties resulting from the Malaysian dispute. Trade readjustments gradually are being made. Shipments of smallholders' rubber, most seriously affected, have recovered to a considerable degree through increased purchases by Communist China, larger direct sales to the United States and use of long-idle remilling facilities in Indonesia.

Indonesia hopes to market its rubber and other agricultural products formerly sent to Malaysia through joint marketing ventures between the Government and firms in the United States, Netherlands, West Germany and France. It remains to be seen whether these schemes will become fully operative and to what extent they will control trade in these products.

Japan



U.S. sales to Japan may be $2 billion if monetary measures don't interfere

By ROGER N. BENSON
Far Eastern Division, BIC

Unless monetary measures undertaken by the Japanese government to cope with an aggravated balance-of-payments problem succeed in dampening import demand over the next few months, U.S. exports to Japan this year may approach the $2 billion level.

Japan is expected to remain the largest overseas purchaser of U.S. goods in 1964, second only to neighboring Canada. Last year American exports to Japan came to $1,697 million—just under the 1961 record of $1,739 million, and well above the 1962 mark of $1.4 billion.

Two important steps

Reflecting its status as one of the world's leading industrial nations, with a burgeoning consumer economy and a continuing high level of economic activity, Japan in April took two important steps toward a somewhat freer economy.

On April 1, Japan accepted the obligations of Article VIII of the International Monetary Fund Agreement, which bars adhering countries from maintaining exchange controls over current international transactions for balance-of-payments reasons.

On April 28, Japan became the first non-Atlantic nation to achieve full membership in the organization for Economic Cooperation and Development.

These twin moves are expected to enhance further relaxation of Japan's remaining trade and investment controls and greater receptivity to Japan's serious export needs by those European nations still restricting the import of Japanese goods.

As a consequence of Japan's IMF action, its system of important restrictions was changed from one of exchange controls to a quantitative quota system. This now covers 174 commodities, after liberalization of some items in April and May. It is expected that most industrial items still on the "Negative List" of restricted commodities will be freed by March 1965, the end of the current Japanese fiscal year.

These moves were undertaken despite the deterioration since last fall in its balance of payments, both on current trade account (reflecting sharply increased imports) and with respect to invisibles.

The likelihood of corrective action undoubtedly led to some degree of speculative importing in the latter part of 1963 and the first quarter of this year. This accounts in part for the first-quarter U.S. exports to Japan of $525 million, some 30% over the comparable period of 1963 and 6% above the last quarter of 1963.

GNP up

Even greater impetus, however, was provided by the continuing growth of Japan's Gross National Product—now over $60 billion—which went up 9% in real terms in 1963 and is expected by the Japanese Economic Planning Agency to climb some 8% in real terms this year.

To meet the challenge of Japan's weakening international financial position, several monetary measures aimed at curtailing credit expansion were recently implemented. In March, import payment guarantee deposit rates were increased from 1% and 5% to 5% and 35%, the latter rate applying to consumer and other less essential goods.

These measures did not have a large immediate effect. Production—although not increasing as much as it did in 1963—has not yet shown any pronounced tendency to level off.

Unless it does, the intended slowdown in imports foreseen as a result of the increased deposit requirements will be temporary. Substantial increases in investment are still expected in such industries as non-ferrous metals, automobiles, chemicals, shipbuilding, pulp, paper and petroleum refining. Equipment and raw material demands in these areas will provide opportunities for continued American exports.

Other factors of interest to U.S. producers are rising labor costs in Japan, which lead to greater use of advanced automated industrial, control and data-processing equipment, and the broad development of a real consumer economy with a consequent market for quality imported consumer goods. American apparel and even cameras and chinaware, for example, are being sold in Japan.

For the U.S. exporter, the 1964 outlook is for increased sales of industrial machinery, steam turbines, electrical measuring instruments, calculating machines, organic chemicals and aircraft and parts. Demand for scrap iron, iron ore, coniferous logs and coal should remain at a high level.

Japanese imports of American raw cotton, soybeans, grain sorghums and safflower seeds already are up sharply. The U.S. also is expected to share in supplying Japan's increased import needs for wheat, rice, barley, and oil seeds.

Meat imports are expected to be up, despite tariff increases on poultry and beef. The recent liberalization of lemons should provide considerable impetus to exports of this item.

Sporting goods will also be of special interest this year, with the Olympics taking place in Tokyo in October.

Competition growing

Competition for the Japanese market is growing. Despite the absolute increases in U.S. exports to Japan, the large American share of the Japanese import market—31% last year—is gradually declining.

If U.S. exporters are to maintain their present share, greater competitive efforts must be made. Only sustained and vigorous sales efforts by U.S. exporters, supported by a knowledge of the unique Japanese market and business methods, can maintain the U.S. position as primary supplier of Japan's growing needs for imports.

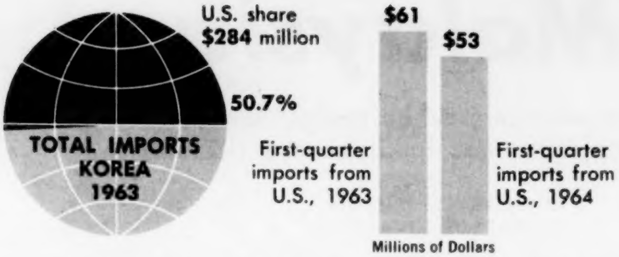
Shows over the past year at the U.S. Trade Center in Tokyo have demonstrated the real benefits awaiting the American firm which makes a careful selection of an aggressive agent and carries out a well co-ordinated sales program with him.

The Trade Center is a valuable means for American exporters, old and new, to expand their sales to the Japanese market. Shows planned for the coming months will feature industrial process control and recording equipment, soybeans, sporting goods, packaging machinery, processed foods and air-pollution control equipment.

Korea

U.S. retains dominant supplier position; aid-financed shipments still at high level

By JOYCE C. BACHMANN
Far Eastern Division, BIC



Reflecting an overall curtailment in Korea's foreign purchases, U.S. sales to that country this year may not reach the record figure of 1963—but the United States will retain its position as the dominant supplier of the Korean market. U.S. aid-financed shipments will continue at high levels in the last half of 1964.

Heavy 1963 imports of commodities financed with Korea's own foreign exchange reduced international reserves to a dangerously low level. The excessive importation was partly a result of an overvalued currency.

On May 3 the Government devalued its currency by almost 50%, from 130 won to the U.S. dollar to a floor of 255 won to the dollar.

Announcing the devaluation, President Chung Hee Park said it intended to stabilize the economy in the face of mounting inflation, promote exports, curtail waste of foreign exchange and reduce corruption engendered by preferential treatment of Korean traders under the former exchange allocation system.

President Park noted that price increases would be restrained by an additional $10 million in Agency for International Development (AID) Supporting Assistance promised by the United States, an additional quantity of foodstuffs under Public Law 480 and $20 million in loans from U.S. banks.

U.S. aid at high level

U.S. aid to Korea—which has been running at slightly above $200 million annually the past few years—is scheduled to follow a long-term downward trend.

However, because of Korea's poor summer grain harvest last year, large PL 480 agreements will keep U.S. aid shipments at high levels in the immediate future.

A PL 480 Title I agreement, amounting to $61.9 million, was signed in March, largely covering raw cotton and wheat grain. A post-devaluation agreement concluded in June under Title II of PL 480 provides for wheat flour and corn meal valued at almost $10 million.

In addition to AID Supporting Assistance and these surplus agricultural agreements, Korea has received six major AID development loans totaling $48 million since December, 1963.

These loans include funds for a 66,000-kilowatt thermal powerplant; deep coal-mining facilities; machinery for small business, and diesel locomotives for the National Railway.

U.S. exports to Korea in 1963, at a peak figure of $234.8 million, constituted 50% share of Korean imports. Although U.S. sales in the first quarter of 1964 were down to $41.5 million—20% off from the corresponding period of 1963—the United States accounted for one-half of Korea's total imports.

In non-aid sector

More importantly, in the competitive non-aid sector, the United States accounted for only 15% of Korea's imports in the first quarter. Japan's share was more than twice as much. Nevertheless, the U.S. performance was slightly better than the 14% figure for all of 1963.

Chief non-aid purchases from the U.S. for the first 3 months of this year consisted of machinery and equipment, iron and steel products, raw cotton, chemicals and breeding animals. Imports under the AID and PL 480 programs included wheat, logs and lumber, wood pulp, raw cotton, fertilizers and chemicals.

Although the won devaluation temporarily will dampen the demand for non-aid imports, long-term prospects for U.S. sales—especially in machinery and equipment—are more promising.

Korea is now mid-way through its 5-year economic development plan. Manufacturing production, which expanded by 13% in 1963, is continuing at a high level, although the rate of advance has slackened.

Korea's own exchange-earning capacity should improve as a result of the devaluation. Last year, despite expansion of almost 60% in Korea's total exports (to $86.8 million), the country had more than a 6-to-1 imbalance in its foreign trade.

This ratio was reduced to 5-to-1 for the first quarter, as a result of reduced imports and continued growth in exports. Exports, at $19.7 million, were almost one-fourth above the first quarter 1963 total, with the United States accounting for $5.8 million of Korea's overseas sales.

Expanded exports a key

Expanded exports are a key element in Korea's efforts toward economic improvement. There are some signs of progress in achieving greater economic stability, even though the country continues to experience internal political difficulties.

Credit restrictions are being applied with greater effect, the money supply has been held in check, and the level of exchange reserves has remained fairly constant recently at about $130 million.

Unemployment remains high. Korea's year-old stabilization program has not yet checked—although it has somewhat arrested—the severe inflationary trend of the past several years.

Against this mixed background, U.S. exporters will be facing intensified competition from Japan, accompanied by increased sales efforts by European suppliers. Rising prices in other countries favor U.S. exporters, and U.S. companies enjoy a good reputation for quality products and service.

As for foreign investment, the country's first oil refinery, rated at 35,000-barrels-a-day capacity, came on stream in April, 1964. Gulf Oil Co. holds a $5 million, one-quarter equity interest in the refinery, which represents the first large U.S. investment in the country.

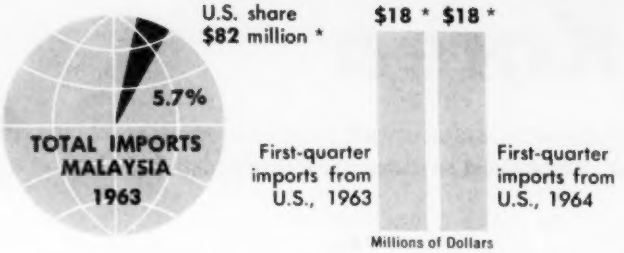
The Korean Government recently approved draft agreements submitted by two separate groups of U.S. firms for construction of two compound fertilizer plants, each to have an annual capacity of 186,000 metric tons of compound fertilizer.

Also, a tentative agreement for joint U.S.-Korean investment in a barley straw pulp plant was signed. Coming at a time when Korea's third cement plant and second fertilizer plant were initiating full production, and when electric power availabilities finally have been able to meet demands, the country's improved industrial structure seems to offer enlarged opportunities for U.S. firms interested in profitable joint ventures.

Malaysia

Market created by merger should provide opportunities for increased U.S. trade

By LOUISE HILLSON
Far Eastern Division, BIC



The new nation of Malaysia, formed in September, 1963, through the merger of Malaya, Singapore and the North Borneo areas of Sabah and Sarawak, has coalesced politically and is being unified economically.

U.S. exports to Malaysia have remained at a high level. The continuing development of the Malaysian economy and the larger market created by the Malaysian merger should provide opportunities for increased U.S. trade and investment.

Despite the trade ban by Indonesia against Malaysia and the decline in rubber prices, 1963 was a record year for the Malaysian economy. Domestic business was up in Malaya and Sabah. Confidence revived in Singapore in early 1964 as the slack in the economy caused by the Indonesian "confrontation" was taken up by increasing industrialization and construction.

The rapid pace of industrial development continued as additional companies were granted "pioneer status" (tax exemption for up to 5 years) and additional industrial estates were developed in Malaya and Singapore.

Several important heavy industries were set up, including a steel mill in Singapore and a second oil refinery in Malaya. Other plants include an aluminum rolling mill, cement factories, chemical plants and flour mills.

The Malayan and Singapore Governments have approved a policy for assembly of motor vehicles and the progressive manufacture of component parts.

Malaysian imports climb

Total Malaysian imports (excluding trade between Malaya and Singapore) rose to $1,916.0 million in 1963, compared with $1,816.8 million in 1962.

Malayan imports rose from $501 million in 1962 to $508 million in 1963; Singapore imports, from $1,103 to $1,174 million; Sabah imports, from $80 to $102 million. Sarawak imports fell from $134 to $132 million.

Total Malaysian exports also rose, to $1,687 million, compared with $1,672 million in 1962. The trade deficit rose to $230 million, but was amply offset by invisibles in Singapore's exchange earnings. Malaya, however, retained its favorable balance of trade.

The United States continued to be the major market for Malaya-Singapore exports. U.S. imports from Malaysia (based on U.S. statistics which include Brunei) totaled $188.2 million in 1963, almost all of which consisted of rubber and tin.

The United States in 1963 dropped from fifth to sixth place as a supplier of Malaya-Singapore imports, following the United Kingdom, Indonesia, Japan, Thailand and Communist China.

Although Malaya-Singapore imports from the United States rose from $91.4 million in 1962 to $95.2 million in 1963, according to Malayan data, U.S. statistics indicate a slight decline in U.S. exports to Malaysia—from $83.4 million in 1962 to $82 million in 1963. Thus, U.S. exports to Malaysia, which have risen rapidly since 1959, appear to have stabilized.

In the first quarter of 1964, U.S. exports to Malaysia were valued at $18.1 million, rising only slightly from the $17.9 million in the corresponding quarter of 1963. Although exports to Singapore, Sarawak, Sabah and Brunei rose from $51.1 million in 1962 to $52.5 million in 1963, those to Malaya fell from $32.3 million to $29.5 million.

U.S. petroleum sales drop

U.S. petroleum exports to Malaysia fell from $5.3 million to $3.3 million, primarily due to the establishment of additional domestic refineries in the area.

The other important drop was in wheel-type tractor exports, from $2.7 million in 1962 to $302,000 in 1963. Part of this slack may have been taken up by U.S. firms based abroad.

Most other categories held their own or increased somewhat. As in the past, the largest was machinery and transport equipment ($32.8 million), including exports of agricultural machinery ($8.2); machinery for special industries ($3.8); tractors and contractors' attachments ($1.2); loaders ($2) and air conditioners ($2.7).

Other major U.S. exports are tobacco and manufactures ($10.6 million) and miscellaneous manufactured goods ($18.2 million). There are prospects for increased U.S. sales as the economy expands, development plans for Sarawak and Sabah are implemented, and the Malaysian common market is established.

Machinery, equipment needed

The fastest growing Malaysian import needs, which U.S. industry should be able to fill, are for factory machinery and heavy equipment for land clearance, highway building, and port and mine development. There is also great interest in specialized U.S. products such as precision tools, laboratory, refrigeration and air conditioning equipment, elevators and escalators.

The start of a television system in Malaya and Singapore also offers opportunities to U.S. suppliers who so far have been outranked in this field by the Japanese and Western Europeans.

The October, 1963, visit of the U.S. Trade and Development Mission to Malaysia resulted in presentation of a number of opportunities for U.S. businessmen. Many resulted from business proposals which the Mission members took with them. Others originated not only in Malaya and Singapore but in the developing Borneo areas as well.

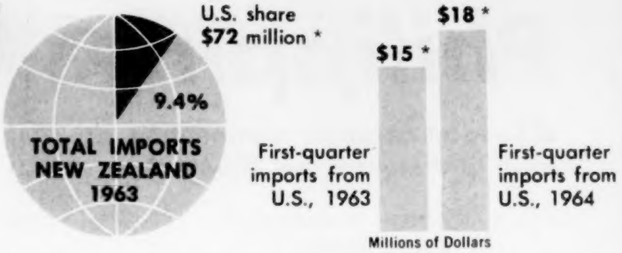
There are many export opportunities in Sabah and Sarawak, particularly for equipment to be used in the large-scale development projects the Governments are programing. More aggressive selling efforts by U.S. exporters are needed to meet increasing foreign competition, particularly from Japanese suppliers but also from Australian and West European exporters.

Investment activity increases

U.S. investors have increased their activities in Malaysia. During the past year, the Esso Refinery in Malay commenced operations, the Chase Manhattan Bank opened a branch in Singapore and the Mobil Oil Co. was awarded pioneer status by the Singapore Government.

U.S. investors face strong foreign competition, especially from the Japanese investors who probably lead in the number of new joint-venture enterprises already established with Malaysian entrepreneurs.

New Zealand



Rising farm income is stimulating all sectors of country's economy

By JOHN KOVALESKI
Far Eastern Division, BIC

New Zealand's chronically unfavorable balance of payments necessitates an import licensing system. Nevertheless, prospects for American exports to that market are encouraging for 1964.

Favorable export prices and the resultant increase in farm incomes have acted as stimuli to all sectors of the economy. Continued buoyancy for another 6 months appears assured, but probably at a decreasing rate.

In calendar year 1963, U.S. exports to New Zealand registered a 27% increase over 1962 to a total of $71.8 million. The U.S. share of the market increased from 8.9% in 1962 to 9.4% in 1963.

U.S. exports to New Zealand for the first quarter of 1964 were $18.1 million, reflecting a 16.8% increase over the same period in 1963.

Machinery and equipment for special industries, particularly building construction and forest product industries, were primarily responsible for the increase.

U.S. imports for first-quarter 1964 were down $7.3 million or 23.1% from the comparable 1963 figure.

It is estimated that New Zealand's gross national product in fiscal 1964 will show a 9.1% increase. Gross domestic expenditure will rise by 10%, with the largest increases estimated for the private sector.

Scrutiny

New Zealand businessmen are looking more intently at the potentials of greater trade ties with the United States. They are cogently reminded of the range and types of available American goods by the U.S. Machinery and Equipment Mission which visited New Zealand early this year; Department of Commerce participation in a Business Information Center in August, and a private U.S. products exhibit to complement the BIC.

The import licensing system is employed to control imports. The schedule for 1964-65 probably will involve foreign-exchange expenditures for imports at about the same level as 1963-64, which amounted to $756 million.

Major changes in the new schedule are the provisions of an automatic-issue procedure for importers' basic licenses, and increased flexibility for license-holders regarding the nature and class of goods they may import under available licenses.

To capitalize on sales opportunities in New Zealand within the limit of the licensing system, Americans will have to supply unique-quality products essential to the economy. The licensing system is a challenge to the salesmanship of American businessmen.

New Zealand Government policy favors proposals which will increase production of farm and forest products to obtain satisfactory foreign-exchange earnings. Sales opportunities for American machinery and equipment exist in industries associated with farming, such as primary-product processing, plus refrigeration facilities for railway and shipping and expansion of port accommodations.

Record demands for fertilizer have created a good market for fertilizer raw materials. There also is a demand for small aircraft, aircraft accessories and components for aerial topdressing.

Timber utilization

Forest-based product exports increased 43% last year over the 1962 figure, reaching an all-time high of $30.5 million (f.o.b.). This industrial area promises a continuing market for American timber-utilization equipment, pulp, paper and printing machinery.

The major criterion which determines the Government's attitude toward granting licenses for a new venture is an assessment of the venture's contribution to the economy.

Primary emphasis is on promoting export potential or saving expenditure on imports. Additional licenses (equipment and machinery) for new ventures are available for industrial developments. Persistence is important in securing special license should the initial application be refused.

A profitable market exists for American packaging equipment. Great quantities of containers and cartons are needed for packing exported food products. The growth of regional shopping centers will require modernization of consumer-product packaging processes.

Tourism is increasing rapidly in New Zealand, yet tourist facilities are inadequate. The hotel-motel and restaurant industry presents opportunities for joint-venture arrangements including managing skills, and for sales of American hotel and restaurant equipment.

Such capital equipment as machinery, machine tools and construction and specialized agricultural equipment is needed to increase productivity and for physical expansion of productive capacities.

Motor-vehicle components are in demand. Wider exposure to U.S. television programs is orienting tastes to American-styled clothes, particularly non-woolens.

Extensive fishing grounds afford excellent opportunities for investment and for American sales of plant equipment and know-how. New Zealand is actively seeking joint ventures which will develop the latent possibilities of its fishing industry for the provision of a new export industry.

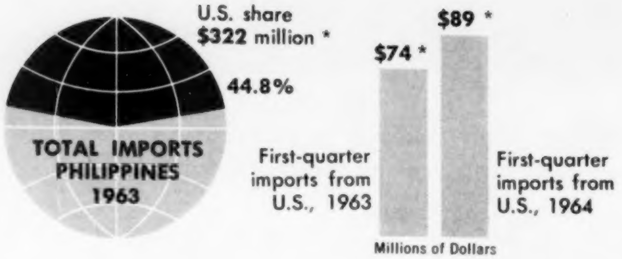
The boom has caused some domestic prices to rise but there is no evidence of any inflationary trend. The problem of labor shortages remains acute, with particular shortages of industrial skilled workers.

Long-term prospects for the dairy industry improved when butter-quota arrangements were concluded in March for export to the United Kingdom market. The country's trade in meat exports with the United Staes was regularized as the result of an agreement concluded with the United States in February.

Legislation to be introduced in the current season of Parliament will allow commercial banks to open savings bank branches, so as to increase the level of savings for developmental purposes. Also planned is a complete consolidation and revision of the Customs Act of 1913 and its many amendments. Record farm export receipts initiated fiscal policy measures designed to stimulate farm investments primarily through tax incentives.

Philippines

U.S. faces stronger competition as tariff preferences go downward



By KENNETH A. GUENTHER
Far Eastern Division, BIC

The market outlook for sales of U.S. goods and services in the Philippines for the remainder of 1964 is promising. U.S. exports should top the 1963 total of $322.2 million.

On the other hand, the U.S. supplier's competitive position in the growing Philippine market will deteriorate slightly in 1965 as tariff preferences accorded U.S. goods under the Revised U.S.-Philippine Trade Agreement decline from 25 to 10%.

More action

A general increase in business activity in 1964 should insure a growing market for U.S. suppliers. Total Philippine imports are expected to increase significantly from the 1963 total of $611 million to possibly $700 million in 1964.

U.S. sales opportunities for industrial and electrical machinery, transport equipment, metal manufacturers, chemicals, pharamaceuticals and plastics, raw cotton, and cereals and preparations will be particularly attractive.

The declining tariff preferences accorded U.S. merchandise in 1965 are expected to improve the trade position of Japanese, Western European and Australian suppliers, principal competitors of the United States in this market.

Suppliers

For 1963, Philippine statistics indicate that imports from the United States increased only marginally over 1962, to $253.7 million. Philippine imports from West Germany increased 4% to $34.1 million; from Great Britain, 18% to $31.8 million; from Italy, 17% to $6.2 million; from Oceania, 34% to $17.7 million; and from Asian countries excluding Japan and Indonesia, approximately 120% to $54.7 million.

Imports from Japan, the country's most important trading partner except for the United States, declined $1.4 million from the 1962 total to $104.9 million.

Recorded imports are believed to be considerably understated because of widespread smuggling of goods into the country. Early in 1964 the Government initiated a determined antismuggling campaign aimed primarily at illegal importation of "blue-seal" cigarettes.

Sharper competition

Recognizing that U.S. suppliers face increasing competition in the Philippine market, the U.S. Government is expanding its trade promotional program.

A sample products display is being set up in the American Embassy at Manila to provide display facilities for American manufacturers and to assist these manufacturers in concluding distributorship arrangements.

Mission set

The Department of Commerce has scheduled a trade mission to the Philippines for Jan. 25-Feb. 20, 1965. It will visit key cities carrying business proposals from the U.S. business community. Before the visit of this mission, the Department of Commerce will publish a comprehensive survey of the market for U.S. products in the Philippines.

The outlook for the Philippine economy in the coming months appears mixed. The immediate credit crises precipitated by withdrawing public deposits from commercial banks and retrenching Government budgetary expenditures seems to be alleviating as Philippine exporters resume normal shipments.

Speculative period

In the first 4 months of 1964 exporters held back shipments in anticipation of a possible removal of the requirement that 20% of all export proceeds be redeemed at the former official rate for the peso. (2.0 pesos = U.S. $1). The present exchange rate is 3.9 pesos = U.S. $1.

During this speculative period, foreign-exchange reserves declined noticeably, falling to a 2-year low of $101.7 million on April 22. Following the Philippine Government's announcement that the retention of 20% of the export proceeds at the 2-to-1 rate would be maintained, normal exporting was resumed. Tight credit conditions are expected to prevail until more export bills are converted.

While the private sector of the economy continues to show strength and optimism, it is becoming evident that the goals of the Five-Year Socio-Economic Program are not being reached.

A World Bank report released in Manila early in 1964 stated that growth rates of between 4 and 5% should be possible over the next few years, but that the 6% rate called for in the program probably would not be achieved.

The reduced growth rate was attributed mainly to deficiencies in the economic performance of the public sector, insufficient government investment because of a shortage of available revenues, and lack of an effective administrative machine to plan and execute development efforts. The Philippine Project Implementation Agency estimated the 1963 growth rate at 4.8%.

Investments lag

Both domestic and foreign investments have failed to reach anticipated levels. Reduced profit levels in the private sector, resulting partly from the devaluation of the peso in 1962, and the failure of the Philippine Congress to pass most of the President's economic legislation in both 1963 and 1964, have contributed to the shortfalls in private and public investment goals.

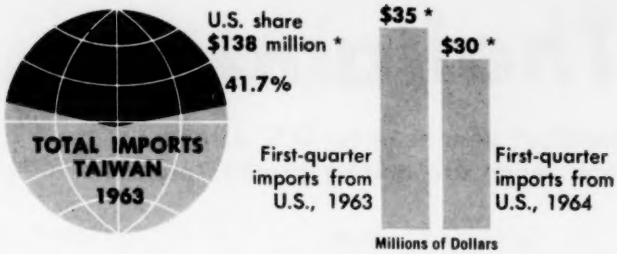
The President's 1965 budget of approximately $630 million was not enacted during the regular session of Congress and is likely to be reduced in the special session.

Uncertainties

Foreign investment, in turn, has been deterred by a number of considerations, including the lack of a foreign investment law; uncertainty over the treatment which long-term investment will be accorded in the post-1974 period after expiration of the Revised U.S.-Philippine Trade Agreement; and the provisions of the Retail Trade Nationalization Law which limit a widely defined retail trade (including bulk sales to industrial end-users) to 100% Filipino and/or American-owned firms. Few firms selling their stock on the open market can so qualify.

Taiwan

Aid phaseout will complicate U.S. firms' competitive position in growing market



By MAURICE KOGON
Far Eastern Division, BIC

Taiwan will import more in 1964 than ever before. Trends through 1963 and early 1964 show continuous rapid growth in key economic sectors. However, the prospects for increased U.S. sales are still uncertain, owing to rising protectionism, and the projected phase-out of U.S. aid, which has accounted for about half of U.S. exports.

As Taiwan approaches its fourth Four Year Plan in 1965, continued rapid expansion is likely throughout the economy. The island already has one of the fastest developing economies in Asia. Since 1960, real gross national product (GNP) has grown about 6% a year, industrial production 11% and exports 29%.

This growth almost will certainly generate increased import requirements for raw materials and capital goods.

Since 1960, total import growth has averaged 11% a year, including a $10 million increase in 1963 to $337 million. Imports of raw materials and capital goods, which represented 75% of total imports in 1963, rose by 32% from $190 million in 1960 to $250 million in 1963.

Imports from the U. S. in 1963 were valued at $151 million, an increase of 46% since 1960 and 7% above 1962.

In first-quarter 1964, total Taiwan exports increased by $41 million to a total of $118 million, a rise of 54% above the same period last year. Total imports were $92 million, up $19 million, or 27% more than 1st-quarter 1963.

U.S. trade rallies

After a lackluster performance in 1962 and 1963, U.S. products purchased with Chinese Government foreign exchange staged a sharp recovery in the first quarter of this year, giving hope that when aid is phased out the Chinese will use more of their own foreign exchange to buy U.S. goods. Taiwan's total non-aid financed imports increased by 69% above the first-quarter 1963 level to a record $21.9 million. The U.S. share of the non aid-financed import market thus rose from 24% for the full year 1963 to 31% for 1st quarter 1964.

Total imports from the U.S. in the first quarter were estimated at about $37 million, or 23% above the $30 million for January-March 1963.

Whether U.S. suppliers can continue to benefit from Taiwan's import expansion in 1964 will depend largely on their response to the aid phase-out challenge.

Except for PL 480 assistance, U.S. aid, which financed roughly $25 million worth of Taiwan's capital goods and raw materials imports from the U. S. in 1963, will be phased out completely in the next 2 years.

This $25-million-a-year market will thus be exposed for the first time to competition from Japanese and European suppliers. Much of it may be lost unless American suppliers engage in more intensive marketing programs and policies in Taiwan.

Promotable goods

The commodities which could benefit most from intensified promotional emphasis because of the aid phase-out are also those for which rapid industrial expansion is increasing demand. They include metals, chemicals, pulp, hides and leather, rubber products, synthetic resins and plastics, raw cotton, lubricating oils and grease, machinery and tools, electrical materials, and vehicles, vessels and parts.

Specific U.S. export opportunities should arise for worked and unworked iron and steel, copper, lead, brass, nickel and alloys; iron and steel scrap; hand tools and locksmith's wares; steam generating boilers and plant; machine tools; leather working, printing, food processing and office machinery; pumps and centrifuges; heating and cooling equipment; medical apparatus and instruments; scientific instruments; TV tubes; tractors; ships and boats; sanitary and plumbing fixtures and fittings; meters and counters; photo equipment and supplies; watches and parts; sound recorders; sports goods and pens and pencils.

These opportunities can best be exploited through direct salesmanship to stimulate product awareness and establishing contacts with local manufacturers, importers, distributors and other prospective buyers.

An impressive step in this direction was taken by the Taipei-American Chamber of Commerce, which sponsored and conducted a highly successful trade fair in Taiwan in May. Twenty-five local members of the Chamber representing 60 U.S. suppliers displayed more than 250 American products ranging from powdered milk to electronic computers. An estimated 50,000 persons, including buyers on invitation, attended the week-long fair.

Chamber exhibitors felt the fair would increase their sales in Taiwan and would help them to acquire new U.S. supplier accounts. They were so pleased with the response that they are considering having the exhibit on an annual basis.

Other effective marketing approaches might include joint ventures or licensing agreements with local firms whereby the U.S. investor would supply the raw materials or machinery. As always, it is important to tailor product design and prices to meet local needs and foreign competition, as well as to offer liberal payment and credit terms, and superior quality and servicing particularly where price competition is difficult to meet.

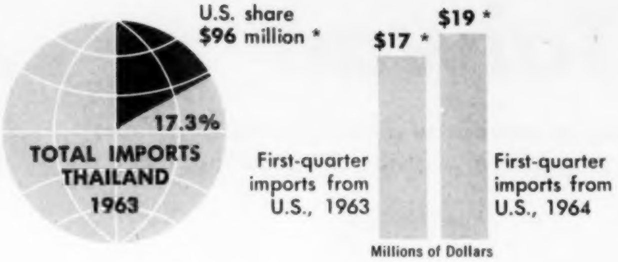
The U.S. Commerce Department is considering a trade and investment mission to Taiwan in 1965. Much will depend on the nature of business conditions and the steps underway at the time to improve certain aspects of the trade and investment climate.

Many business observers feel that obstructive and bureaucratic regulations and practices in such areas as import licensing, customs clearance, control of local agents, banking and industrial property rights protection are inhibiting a greater flow of foreign trade and investment to Taiwan.

Recent improvements

In March the Government gave 2 American banks permission to establish the first U.S. branches in Taiwan. However, their scope of operation is restricted to foreign exchange business related to export and import trade. It is hoped that the banks eventually will be allowed to accept deposits and carry on normal commercial banking operations.

Thailand



Excellent year seen for U.S. activity; new roads are among projects planned

By LARRY V. LUTHER
Far Eastern Division, BIC

Nineteen-sixty-four promises to be an excellent year for U.S. commercial activities in Thailand.

American exporters and investors are paying more and more attention to the rapidly expanding Thai market in an effort to extend their commercial operations. U.S. exports possibly may increase beyond the record-breaking level of 1963, and several major U.S. investment projects may be initiated.

Thailand, in the fourth year of an economic development and expansion boom, has commited over $100 million for current development projects and plans to spend several hundred million more in the near future.

Transportation improvements

Recent developments include approval of $54 million in foreign loans for construction of several key highways, implementation of a $41 million project to develop a fresh water system for Bangkok, and approval of a $23 million loan for two important irrigation and flood-control projects.

Progress also is being made in railway improvement (an American manufacturer supplied 40 diesel locomotives valued at more than $7 million in 1963); dam construction (a U.S. firm completed construction of the Yan Hee dam structure), and expansion of telecommunications facilities and power generation (an American firm is completing the first three stages of an extensive Thai telecom network).

U.S. exporters are expected to compete equally as well for transport, power and construction equipment and engineering service contracts for many of the upcoming projects.

Reflecting American participation in the Thai economic boom, U.S. exports to Thailand in 1963 were valued at a record-breaking $96 million, about 35% higher than the 1962 total.

Exports during the first quarter of 1964 were valued at $19.1 million, a 10% rise over the comparable period in 1963.

Substantial sales increases are noted in such lines as mineral fuels, lubricants and related products; chemicals and related products; industrial construction and transport equipment, and various miscellaneous manufactures. These increases have more than offset the slight declines in sales of nondurable goods.

Trade Center help

The U.S. Trade Center in Bangkok has facilitated participation by U.S. firms in the Thai market. Several successful shows were held there in the past year, including one very successful and unusual women's fashion exhibit. An American products show was held in early June, and the Center plans to intensify exhibit efforts for the rest of the year.

By using the facilities of the Trade Center to exhibit their products, American suppliers have been able to enter the market and to locate suitable distributors. If already in the market, they have found increased buyer interest in their products.

In addition to vigorous development in basic transportation, power and communications sectors, Thai agriculture and industry have made substantial progress.

Rice crop high

The rice crop, Thailand's primary foreign exchange earner, is expected to reach an all-time high in 1963-64 of 9.6 million tons of paddy, which should facilitate expansion of consumer and capital goods imports. Rice markets are steady and prices are relatively high.

Other agricultural commodities are maintaining relatively steady production levels, with an increasing number of products (corn, cotton, kenaf) becoming recognized as important foreign exchange earners.

The industrial sector continued its steady growth in early months of 1964. With appropriate ceremony, the switch on the first two generators of the Yan Hee Dam were thrown and industry throughout the country was given a decisive boost in power availability.

In the field of industrial promotion, the Industrial Finance Corp. of Thailand (IFCT) received a sizeable loan from the World Bank and subsequently announced a drop in its interest rates on foreign currency industrial loans.

Plans paper plant

An American paper manufacturer, following a feasibility study, announced it would go ahead with a project to build Thailand's first kraft paper plant, a $17 million unit to produce 45,000 tons of paper annually. At the same time, the Thai government intends to initiate an extensive survey of the nation's resources for the manufacture of paper and plywood.

The latest step in the development of industrial estates was the signing of a contract between the Government and a U.S. firm for the study and development of a privately operated estate program in Thailand.

Financial indicators in late 1963 and early 1964 reflect considerable economic buoyancy. The Gross National Product (GNP) surged ahead with a growth rate of more than 6% to an estimated level of $3.2 billion in 1963.

The per capita growth rate was approximately 3%. One authoritative source estimated that the ratio of fixed investment to GNP appeared to be a strikingly high 17% or 18%.

A recent survey of consumers in Bangkok indicated that the average family of 5.5 persons received an annual income of about $900, a substantial increase over the normally accepted $105 per capita income estimate and an indication of the buying power found in Thailand's chief commercial center. This should be of interest to exporters of nondurable goods.

The early months of 1964 indicate a rising tide of development and economic expansion. Development loans, increased export earnings, a rise in purchasing power, and substantial progress in industrialization are expected to attract a growing number of exporters and investors anxious to be in on the ground floor of development opportunities in Thailand.

Near East-South Asia

Prospects for increased U.S. exports appear promising for most of area

By staff members
Near East-South Asia Division, BIC

Prospects for increasing U.S. exports of goods and services this year look promising for most countries in the Near East and South Asia.

Export statistics on the first quarter of 1964 show an increase of almost 20% over last year's corresponding period. This trend hopefully will continue for the balance of 1964 and into 1965. With a very few exceptions, the U.S. is the leading supplier of countries in the area.

This estimate is based on the high purchasing power and stated requirements of most of these countries. Crops have been good, oil revenues have mounted and U.S. (and other) aid has been sustained. These resources are being utilized in rapidly-evolving economies mainly for development of basic utilities and industries.

Expenditures are controlled strictly in foreign-exchange-poor countries such as India, Pakistan, Turkey and the United Arab Republic. Funds are available only for importation of industrial equipment and basic necessities.

In such countries the magnitude of U.S. exports is conditioned largely by the amount of U.S. aid and loans. U.S. products finding a ready market include raw materials, machinery, iron and steel, essential foodstuffs, pharmaceuticals and chemicals.

Attractive market in oil countries

The oil-producing countries, on the other hand, have no restrictions on the expenditure of foreign exchange. Countries with oil revenues of between $300 million and $500 million a year offer an attractive market for a wide range of goods.

Kuwait, for instance, is a good customer for construction machinery, automobiles, refrigeration equipment, air-conditioners, foodstuffs and cigarettes.

In addition, Kuwait contemplates establishment of a fertilizer plant, distillation plant, water pipeline project, hotel, geological survey of the mineral resources of the country and cement plant, as well as purchase of buses for its inadequate transportation system.

In Iraq, imports from the U.S. consist principally of trucks and buses, refrigerators, air-conditioners, construction and oil-field equipment, medicine and pharmaceuticals, tires, tubes and rice.

Iraq has plans for a natural gas pipeline, power generating facilities, telecommunications, sulphur recovery plant, oil products depot, steel mill, paper and pulp mill, sugar mill and agricultural equipment.

Saudi Arabia's principal purchases from the U.S. are motor vehicles, tractors, construction and oil-field equipment, air-conditioners, metal manufactures, iron and steel,, rubber manufactures and wheat.

Plans for mill

In Saudi Arabia plans have been completed for an iron and steel mill to be located near Jidda. Other projects being undertaken include a port development scheme, television, telephone and radio facilities, and airport construction.

The most recent beneficiaries of sudden oil wealth are Abu Dhabi and Dubai. Discovery of sizable quantities of oil in Abu Dhabi and the indirect benefits (as well as the expectation of finding oil in Dubai) have created a boom in these 2 Trucial States. Basic facilities such as roads, buildings and electricity are being established and the 2 States are expected to match Kuwait's pattern of demand for U.S. exports.

Many projects

Throughout the Near East and South Asia area there is a continuous succession of engineering and construction projects including dams, airports, roads and sewers. These are individual projects or an integral part of a country's development plans. These are usually multi-million dollar projects and merit close study. Often, specifications do not correspond to U.S. standards but again the size of the projects make adjustments worthwhile.

Leading exporter to most countries

This market also is worth cultivating. In recent years the U.S. has been the leading supplier of all these countries, and a close second in a few cases due to tied procurement of AID-financed goods and popularity of U.S. products.

Total U.S. exports to this area amounted to $2.2 billion or 10.6% of total U.S. exports in 1963, as against $1.9 billion or 10.2% in 1962. India continued as the U.S.'s principal customer in the area, taking goods valued at $804.4 million in 1963, an increase of 20% over the $668.8 million purchased in 1962.

Distant second

Pakistan was a distant second in the same year with purchases of $387.9 million, compared with $284.6 million in the previous year. Other important purchasers in 1963 were Turkey, $218.7 million; the U.A.R. (Egypt), $209.8 million),. and Israel, $167.4 million. Their purchases compared with the $193.9 million, $234.4 million and $174.9 million, respectively, of 1962.

Although PL-480 surplus agricultural commodities such as wheat, rice, vegetable oils and raw cotton make up approximately one-quarter of these sales, this area is an important purchaser of a number of U.S. exports. These include iron and steel mill products, passenger cars, trucks and buses, electrical and industrial machinery, tires, tubes, lubricating oils, drugs and chemicals.

Aggressive salesmanship

The U.S. position could be enhanced considerable, however, by more aggressive salesmanship and more favorable terms and financing. Competitors who enjoy the advantage of closeness—hence lower freight charges—are pursuing opportunities for sale of goods and services with great application and with techniques adapted to local customs.

By contrast there are complaints that U.S. firms pay little attention to this market, do not respond to correspondence or small orders, and often cover this area through a European subsidiary.

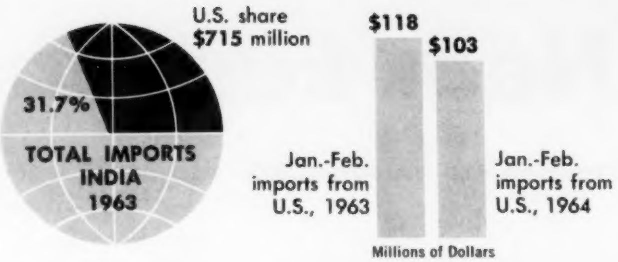
A personal approach is needed to transact trade in this area.

One important aspect of sales is financing of exports. Money is expensive in the Near East and South Asia and yields higher returns in uses other than import of merchandise.

When an irrevocable letter of credit is required by the U.S. exporter, his proposition is far less attractive than that of his European competitor.

India

Machinery, steel, industrial raw materials are among the importables



By CELIA HERMAN

Near East-South Asia Division, BIC

India's economic development programs set the stage for continuing favorable opportunities for U.S. exporters at levels paced by U.S. aid programs.

American machinery and technical know-how are the combination that Indian industry and agriculture can use advantageously in their immediate and long-range plans.

Following the death of Prime Minister Nehru, India moved in orderly, democratic fashion to elect a new government. The new Prime Minister, Lal Bahadur Shastri, has a career of diversified cabinet experience, including Commerce, to assist him in his new role. He has reappointed Finance Minister T. T. Krishnamachari and, in total, his official appointments indicate a general continuation of present trade and investment policy.

Making progress

Spurred by the targets set forth in the Third Five Year Plan (April 1, 1961-March 31, 1966), the Indian economy is making progress. Industrial production in 1963 rose 9% over 1962. Agricultural production declined slightly in 1963, but is expected to show some improvement in 1964.

India has been assisted in achieving these gains through receipts of more than $1 billion annually from the United States and other members of the World Bank Consortium for Aid to India.

The United States is the largest of the donors, providing $435 million annually, exclusive of U.S. PL 480. By virtue of the size of the U.S. aid loans, U.S. exporters are at a greater advantage than other foreign competitors in many commodities and projects in overcoming shortages of foreign exchange that otherwise would hinder Indians from doing business.

U.S. exporters can utilize aid funds to establish new trade ties with India or strengthen old ones. They can step across the trade barriers erected by India's restrictive import policy and, with appropriate salesmanship follow-through, can keep the orders coming.

No U.S. exporter should assume that he can sell anything he wants to India. Even though aid loans broaden the range of goods to be supplied to India, there are still limitations.

In general, industrial raw materials, machinery, steel, machine tools and fertilizers are importable. Few, if any, consumer goods come into India through commercial channels. A change from this pattern of trade is not visible for the next few years.

Here's a challenge

A real challenge to the exporter lies in developing trade, other than that which is financed by the U.S. Government. It would entail successful participation in loans provided by the World Bank and other international lending institutions, or individual arrangements for long-term credit by private institutions tailored to particular commodities or projects.

Rough estimates show that less than $200 million or 25% of current U.S. exports to India are other than U.S. Government financed. By contrast, U.K. exports to India tell a different story. The other-than-government-financed portion of exports is about 75%.

West German exporters also are outdoing their U.S. competitors by capturing Indian trade to the extent that 50% is other than government-financed. Statistically, the United States is the leading supplier to the Indian market, but this is largely attributable to U.S. aid.

Find an agent

The most effective means of finding these non-government financed export opportunities is through a local agent in India. The U.S. Department of Commerce and the Commercial Officers in the U.S. Foreign Service can assist companies in finding the best available agent for the job. More visits by U.S. company personnel are desirable.

Another outlet for U.S. trade is through investment in Indian industry. Companies can effectively penetrate the Indian market in this way, providing capital equipment and raw materials and components as their investment.

U.S. exports to India in 1963 reached an unprecedented high of $804 million, compared with $669 million in 1962. In both years, PL 480 shipments of wheat and rice accounted for more than a third of exports, registering more than $300 million and $240 million, respectively.

Industrial machinery, including electrical, was valued at $170 million, as against $115 million the year before. Metals at over $100 million and transport equipment at about $54 million were steady. Raw cotton exports rose to $43 million, up from $37 million, and petroleum to $20 million, up from $15 million.

Chief supplier

The United States has a strong hold as chief supplier to the Indian market, and is the source for about 34% of India's total purchases. The next important supplier is the United Kingdom with 15%, followed by West Germany, Japan and the USSR.

U.S. imports from India in 1963 climbed to $295 million, from $255 million in 1962. Jute manufactures comprised the major imports. Other significant items were cashew nuts, tea, ores, sugar, hides and skins.

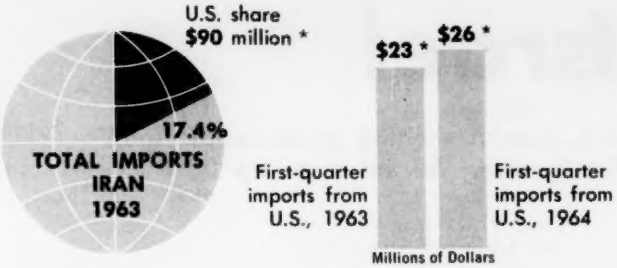
India's budget for fiscal year 1964-65 calls for current expenditures of $4,286 million, including defense spending of $1,508 million. This is an increase of $453 million in expenditures compared with 1963-64.

Current revenues are estimated at $4,484 million, roughly three-fourths of which are expected from taxation. In the capital budget, direct outlays are estimated at $2,045 million ($286 million for defense) and are about $294 million higher than outlays for 1963-64. Additional capital disbursements bring the total to $4,131 million to be financed through foreign loans and grants.

General agreement has been reached between the United States and India, subject to necessary action by the U.S. Congress, for grant assistance during U.S. fiscal 1965 to supply air defense communication equipment, transport aircraft support and road building equipment. An immediate credit for fiscal 1964 was approved for the sale of vehicles, communication equipment, and modernization of ordnance plants.

Iran

Increasing financial stability spurs major development projects



By DAVID E. WESTLEY
Near East-South Asia Division, BIC

U.S. exports to Iran last year declined from 1962 totals, but opportunities for increased sales this year are relatively good.

The Iranian economy appears to be on the move once again and U.S.-made products are favorably regarded. But keen competition from Europe is likely to hurt U.S. chances for a bigger share of this desirable market.

In the past year, Iran's foreign exchange reserve position has been strengthened significantly. Oil revenues are at an all-time high and are continuing to grow. A new push is being given to the execution of the country's Third Development Plan, and private business showed encouraging signs of emerging from a prolonged slump.

Opportunities grow

Thus, while the chromium-plated, free-wheeling boom days of the late 1950's are not likely to be seen again soon—restrictions on imported consumer goods and other nonessentials now appear to be permanent fixtures of the Iranian scene—opportunities for profitable sales still are very much in evidence, and are even increasing. They largely center about the supply of a wide range of goods and services necessary to Iran's development.

The United States had more than 17% of the Iranian market in 1963. Germany had 19-20%, the United Kingdom 16% and Japan 6-7%.

Last year, U.S. exports to Iran fell to $90.2 million from the $97.2 million attained in 1962 and $91.1 million in 1961. Important export items included cereals and cereal preparations (mainly wheat), $13.6 million; machinery, $20.6 million; transport equipment, $15 million; vegetable oils and fats, $6.8 million; drugs, $4.6 million, and rubber manufactures, $4.2 million.

U.S. imports from Iran in 1963 totaled $65.3 million, up from the $59.2 million in 1962 and $61.3 million in 1961. The largest single part of the import total is accounted for by crude petroleum.

In 1963, petroleum imports from Iran were valued at $38.7 million, with rugs ($5.6 million), hides and skins ($4.9 million) and fruits and vegetables ($4.8 million) totalling less than half as much.

As Iran's financial stability has increased, so has foreign interest in major Iranian development projects in such fields as transportation, communications, power, water development and industry.

The sources for an important part of Iran's needs for expansion and replacement machinery and equipment in the years to come will be strongly influenced by engineering contracts now being let and orders now being written for basic developmental requirements.

They, in turn, depend upon the quality and degree of salesmanship as well as prices, delivery schedules, maintenance facilities, financing and terms.

Current Iranian economic development planning contemplates an investment of $2,667 million over the 5½ year duration of the Third Plan, which got underway in September, 1962.

Outlays for the first 9 months of 1963 include agriculture and irrigation, $68.6 million; industry and mines, $6.1 million; power and fuels, $8.8 million; transport and communications, $53.8 million; education, $7.1 million; health, $10.7 million, and urban development, $16.6 million.

During the last quarter of 1963 it was announced that France would make available a 10-year, $60 million line of guaranteed commercial credit at 6%, to be utilized for petrochemical, electrification and telecommunications projects.

On Feb. 17 an agreement was signed with French Oil Institute for the establishment of a $116 million petrochemical industry to be located at Ahwaz, to produce synthetic rubber, plastics, detergents and synthetic fibers.

Rising curve

Oil production, so essential to Iran's growth and development, has been on an upward curve. Net crude oil output by the Oil Consortium, which amounted to a record 527 million barrels in 1963, reached a new quarterly high of 147.8 million barrels in the first three months of 1964.

Crude exports of 110.9 million barrels in the first quarter also represented a record level, although oil-product exports in January-March declined slightly to 26.2 million barrels.

Consortium payments to Iran for 1963 amounted to $378.4 million, compared with $332.5 million in 1962. Reinforcing Iranian anticipation that oil revenues will continue to climb was a Consortium payment of $104.3 million on account of operations for the first quarter of 1964.

A record quarterly payment, this sum was 12.2% higher than for the preceding quarter and 14.5% greater than for the corresponding period in 1963.

Reserves improve

Largely as a result of the increase in oil revenues, including conversions of foreign exchange to rials to pay for local purchases and expenses, Iran's foreign exchange reserves showed marked improvement during the past year.

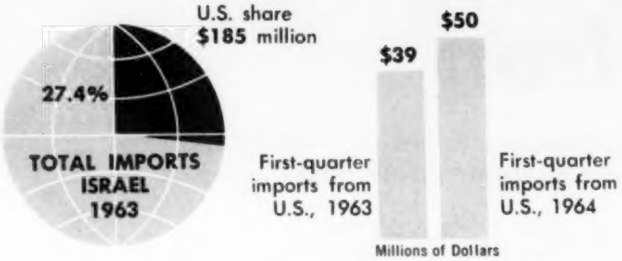
At the end of the Iranian year, March 20, 1964, the country's gold and foreign exchange reserves had reached a figure of $321.7 million, an improvement of $30.9 million over the preceding 12 months. Because of the need to block additional reserves for note cover, total available reserves rose only $9.4 million —from $53.2 million on March 20, 1963, to $72.6 million a year later.

With a view to stimulating private business into more activity, the Central Bank in the last quarter of 1963 lowered deposit requirements on letters of credit for imports of industrial goods and cut its rediscount rate from 6 to 4%. All the major commercial banks also reduced interest rates.

The import regulations for the year beginning March 21, 1964, which were announced at the end of that month, were highlighted by the abolition of the Government's monopoly of sugar imports, continuation of the policy protecting domestic industries, encouraging investment in new facilities, and restricting luxury and nonessential imports.

In October, Iran signed a trade agreement with the European Economic Community (EEC) which the Iranians hope will assure their products entry and expanded sales within the highly important Common Market area.

Israel



U.S. products enjoy good reputation; first-quarter '64 sales go up 28%

By HOWARD M. ZIMMERMAN

Near East-South Asia Division, BIC

The outlook for increased U.S. exports to Israel during 1964 appears promising. Following a 1963 decline, trade figures for the opening months of this year indicate a significant upward swing in sales of U.S. products.

Israeli trade statistics show that imports of U.S. products during January-March reached $49.7 million, (28%) higher than the $38.8 million figure for the corresponding period of 1963. During these same months, total imports into Israel from all sources were $215.2 million and $153.6 million, respectively.

U.S. products with particularly strong consumer acceptance in Israel include electronics goods, scientific and medical equipment, office machinery, photographic equipment, pharmaceutical and fine chemicals, industrial chemicals and machine tools.

The good reputation of U.S. goods; a reduction in tied procurement to other countries and the continued rapid growth of Israel's economy are contributing to a favorable outlook.

One prime advantage available to U.S. suppliers is the excellent reputation enjoyed by their products. At the same time, price remains an important consideration. European countries—particularly those in the Common Market with whom Israel recently concluded a trade agreement—provide keen rivalry in this competitive market.

Favorable to U.S.

A development favoring U.S. suppliers during the coming months is the virtual end of tied procurement under German reparations. Although trade bonds with Germany are still strong, U.S. suppliers should find expanding opportunities for their products, especially those formerly bound to West German procurement.

French and British competition will be stiff but good salesmanship and competitive pricing coupled with the good reputation of U.S. products should prove beneficial.

Some observers feel that Israel receives relatively few visits from businessmen. They say that more visits by representatives of U.S. firms would increase sales and enable U.S. suppliers to observe Israel's growing industrial capabilities and consequent changes in demand patterns.

U.S. suppliers interested in selling to the Israeli market will find that this kind of approach to effective salesmanship—occasional if not frequent visits to the area—would do much to stimulate interest in the U.S. firm's products.

Still growing

Continuing the trend set during the previous decade, the economy of Israel continues to expand at an enviable rate. Gross National Product during 1963 expanded by about 10% while relative stability was maintained on the monetary and price fronts. Similar gains were made in income and expenditure levels, with the 1963 per capita income level reportedly reaching $1,100.

A government-sponsored study of family expenditures shows an average real increase of 29% by urban wage earning families between 1960 and 1963. The study indicated that more money is being spent on luxury items such as furniture, electrical appliances and personal services. Since this survey was confined to wage earners, its findings indicate the widespread distribution of the increased income accruing from Israel's rapid development.

The findings of the survey also should have significant consequences for U.S. suppliers of consumer goods, even though such items presently constitute a relatively small part of U.S. exports to Israel.

American consumer goods are highly regarded in Israel, and more disposable income has provided Israeli purchasers with more latitude. This is particularly significant when viewed in the context of Israel's import liberalization program which began in 1962.

Cautious liberalization

Israel cautiously continues to expand its liberalization program by removing licensing requirements from products formerly granted administrative protection. Although increased duties often accompany removal of licensing requirements, such changes are considered significant when they open up a field of manufacture previously reserved entirely for local industry.

For example, the Israeli Government recently announced that import licenses would be issued for cotton fabric and yarn, synthetic substitutes and shoes—all of which previously had been completely protected. Other newly-liberalized items include some kitchen utensils and sanitary articles, earth drills, vibrating and pneumatic presses, construction lifts and dumpers.

While approvals for foreign investment in Israel are becoming more selective, the electronics industry is scheduled for increased investment interest. Although it is in its initial stages of development in Israel, both the interest and technological capability for growth exist.

In anticipation of an expansion of this industry, many U.S. firms took part in a Department of Commerce-sponsored electronics exhibition at the Tel Aviv International Trade Fair June 16-July 7.

Trade mission

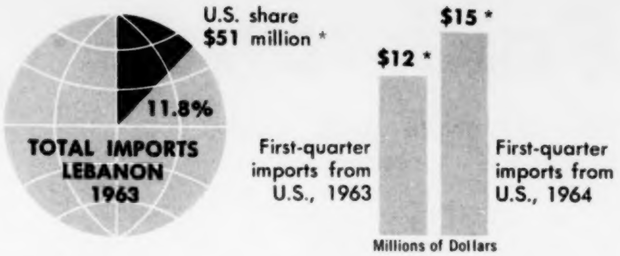
At the same time, reflecting the cooperation between government and private efforts toward U.S. export expansion, an industry-sponsored trade mission recently visited Israel under the auspices of the American-Israel Chamber of Commerce. The mission included experts in construction and chemicals, food and glass manufacturing, investments, industrial and electronics equipment.

Also under the Chamber's auspices, plans are being considered for the construction of an American Economic Center for Israel in Tel Aviv. The proposed building is designed to stimulate improved commercial business relations between the U.S. and Israel.

All sectors contributed to the expansion of Israel's economy during 1963. The national income rose from about $1.6 billion in 1962 to over $2 billion.

The greatest relative contribution was made by finance, insurance and real estate, and by income from ownership of dwellings. Agriculture slightly increased its share of income and output to almost 10% of the net domestic product at factor cost, largely due to the bumper citrus crop.

Lebanon



Small but receptive Near Eastern market absorbs more and more U.S. goods

By HOWARD M. ZIMMERMAN
Near East-South Asia Division, BIC

Prospects appear good for continuing the upward trend of U.S. exports to this island of free enterprise and center of regional commercial activity. A small but receptive market, Lebanon is absorbing an increasing volume of U.S. exports.

U.S. sales to Lebanon in 1964 are expected at least to equal the $51.2 million level attained in 1963 and, pending the conclusion of some relatively large transactions, may surpass this figure by a substantial margin.

Imports play a more important role in the economy of Lebanon than in most countries and a significant portion of Lebanese expenditures are used to purchase imported goods of one kind or another.

Because of the relatively undeveloped nature of Lebanon's industry in many lines, even the poorest families include some imports other than food in their consumption expenditures. Practically all farm implements; such necessities as razors, toothpaste and brushes; knives, tableware and most other kinds of consumer products, including the kerosene stoves on which the bulk of the population cooks, must be imported.

As income rises, other imported goods —radios, refrigerators, washing machines and automotive products—become normal items for expenditure. An estimated 50% of the goods available for consumption in Lebanon originates outside the country.

Lebanon's industrial goods requirements also are met almost exclusively by imports. The U.S. holds a strong position as a supplier of machinery, motor vehicles, pharmaceuticals and chemical products.

Key factor

Supplier credit is a key factor in selling to the Lebanese market, and European firms often show greater flexibility in this respect than do their American counterparts. Lebanese businessmen frequently complain of difficulty in obtaining credit from U.S. suppliers or of terms that are not as attractive as those available from competing European and Japanese firms.

They also cite higher prices as a deterrent to U.S. sales. They agree in many cases that the quality of the U.S. product is superior but note that the price differential often does not seem justified.

The price factor often plays a particularly important role in Lebanese Government purchases based on international tender.

Significant growth

The economy of Lebanon has been growing at a significant rate in recent years. Although actual Gross National Product (GNP) figures for Lebanon are not available, GNP grew an estimated 4% in 1963. This represents an increase from the estimated 2.5% rate of the previous year but is on a par with the growth rate of the previous 5 years.

Lebanon's rising per capita national income now ranges between $350 and $400 a year—the highest in the Arab world with the exception of oil-rich Kuwait and Bahrein. The Lebanese pound, freely convertible and with a gold cover exceeding 90%, is traded in the major world money markets.

Two principal factors are considered by most observers to have stimulated the Lebanese economy during 1963—a gradual return to relative political stability in the area and vastly increased public expenditures on public works throughout the country.

Triple play

Public works expenditures have tripled in the last 3 years from $11 million in 1961 to $30.3 million in 1962 and $34.7 million in 1963.

Projects being constructed under the program include the third basin of the Beirut harbor, ministerial buildings, port construction at Jounieh, a Central Bank building, the Beirut slaughterhouse, the International Fair grounds at Tripoli and the Sarba-Jounieh highway. The Ministry of Public Works also is opening roads and supplying water and electric power to remote villages.

Plans are still underway for Lebanon's "Green Plan"—an extensive land reclamation project costing approximately $100 million. When implemented, the project will create a large market for heavy earth moving equipment.

Tax exemptions

On the investment scene, a draft bill granting tax exemptions to industrial and tourist enterprises in Lebanon has been prepared by the Ministry of Finance and is expected to be enacted during the coming months.

With a view to encouraging both domestic and foreign investment the proposed bill calls for a 6-year exemption from income tax for new enterprises or branches of existing enterprises (10 years for enterprises established in underdeveloped regions of the country).

Customs exemption also will be granted on imported first-installation equipment. In addition, a reduction of 75% of the land tax is envisaged.

Under the proposed legislation, existing enterprises will also receive income tax concessions proportionate to their reinvestment of annual profits, reserves or profits resulting from improvements or increased exports.

New central bank

A new Government-operated and controlled Central Bank officially commenced operation April 1. One of its basic functions, the regulation of banking, is designed to avoid financial mismanagement and maintain confidence in Beirut's extensive banking and financial community.

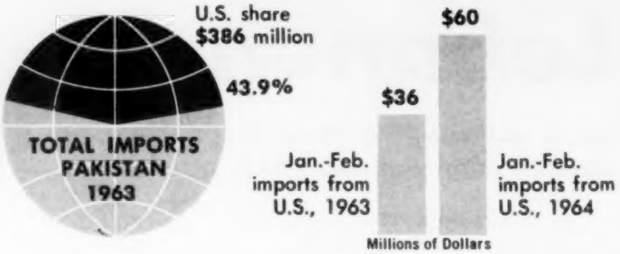
The new bank, which will continue to preserve the existing bank secrecy laws, also will seek to mitigate inflationary pressures as they arise, particularly from increased government spending on public works projects.

Consideration also is being given to the establishment of a Government-sponsored Development Bank which will provide medium and long-term credits not presently available from commercial banks. The Development Bank, if instituted, will provide development credits to investors interested in developing both the agricultural and industrial sectors of the economy.

Pakistan

Solid U.S. trade gains match Pakistan's impressive strides

By ROBERT W. WEISE, JR.
Near East-South Asia Division, BIC



Bolstered by a sizable foreign aid program and favored by a good crop year, Pakistan has been able to rack up some impressive economic gains during 1963-64.

Barring any natural catastrophe or other unforeseen developments, the outlook is for a continued increase in U.S. exports to Pakistan, even though the rate may be somewhat less spectacular than in 1963.

U.S. exports to Pakistan rose to $387 million during 1963, a 36% increase over the $285 million recorded in 1962. As the result, the U.S. is now supplying about 44% of Pakistan's overall imports from all sources, compared with an average of about 24% during the years 1959-61.

Agricultural products including wheat, edible oils and long-staple cotton, financed for the most part under PL 480, accounted for $156 million or 40% of total U.S. exports in 1963. Iron and steel, one of the main commodities included under AID loans to Pakistan, accounted for $74 million or about 20%.

Other leading categories of U.S. exports were machinery ($44 million), transportation equipment ($39 million), chemicals ($26 million), electrical machinery ($9 million) and mineral fuels and lubricants ($5 million).

The current upsurge in Pakistan's economic activity follows a series of government measures to strengthen its planning process and relax certain direct controls over economic activity.

A more liberal import policy aimed at full utilization of industrial capacity has raised production. At the same time, by switching from direct administrative controls to fiscal and monetary controls, inflation has been avoided.

Better than expected

Exports ($417 million in 1963 against $397 million in 1962) have exceeded modestly planned figures in the Second Five Year Plan. Savings and gross investment are rising faster than consumption.

Agriculture, which accounts for half of Pakistan's gross national product (GNP) and suffers from chronic stagnation, has shown an upward trend this year. Rice and cotton production have reached record highs.

Industry has achieved a swift advance which is expected to reach an annual expansion rate of 14% in 1964, compared with a 10% average over the last decade.

Foreign exchange reserves reached a peak of $315 million in February.

Finally, there is every indication that the Government intends to continue encouraging private enterprise to play an important role in the country's economy.

Pakistan's development program should continue to show encouraging results. For fiscal 1964, the Government expects a GNP growth rate of 6% or more over previous years. Despite a rapid population increase, per capita GNP is expected to improve slowly.

With comfortable gold reserves, the Pakistan Government has shown a willingness to liberalize imports. Since January, 1964, selected iron and steel products covered under a $100 million AID loan may be imported without license.

More recently, President Ayub announced that $28 million will be released from Pakistan's foreign exchange reserves for imports of raw materials, capital goods and essential consumer goods. Further liberalization of import policy is possible in July.

Needed items

Industrial items in short supply include steel specialities, nonferrous metals, chemicals and machine tools for balancing production and modernization.

There has been considerable external aid to support Pakistan's development effort. In April the World Bank announced a supplemental agreement to the Indus Basin Development Fund Agreement which will provide an additional $315 million towards the cost of the world's largest irrigation system.

The Pakistan Consortium met in Washington, D.C., May 27-28, and an early announcement is expected of 1964-65 pledges of the 9 member governments organized under the World Bank to assist Pakistan. For fiscal 1964, Consortium pledges total $430.2 million.

U.S. economic assistance to Pakistan is expected to exceed $400 million during 1964. Much of these funds will be used for power development and for increasing natural gas facilities.

In East Pakistan, the U.S. will contribute over $70 million in dollars and rupees to the Karnafuli hydro-electric power project designed to produce 120,000 kilowatts. Major expansions of power distribution facilities at Chittagong and Dacca are being financed by an $8.6 million U.S. loan.

In West Pakistan, AID approved a $2.7 million dollar loan to the Sui Gas Transmission Co. to raise the maximum daily flow of the Karachi pipeline from 85 to 90 million cubic feet. An additional purification unit will be installed on the pipeline north of Sui.

Eyes private capital

Pakistan has continued its efforts to attract foreign private capital. During the first quarter of 1964, 18 private projects sponsored by the Pakistan Industrial Credit and Investment Corp. went into operation. These included a sugar mill, pesticide plant and an industrial rubber belt plant.

The principal private U.S.-financed operations inaugurated during the first 5 months of 1964 were a pharmaceutical plant, a soft-drink and bottling plant and an international hotel, all in Karachi.

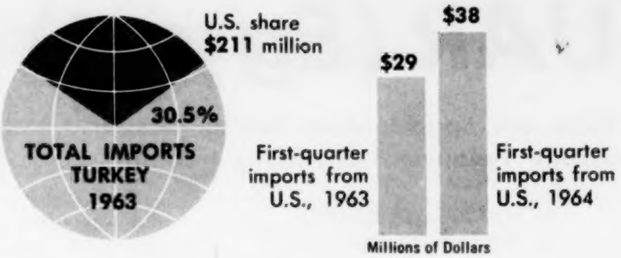
Other joint ventures contemplated by U.S. firms include an ice cream and milk products plant and the manufacture of fruit cordials and extracts.

The Pakistan National Shipping Corp. has announced its decision to extend services to the U.S. Shipping to East Pakistan's main port, Chittagong, bogged down by seasonal congestion and prolonged turn-around times, has been a continuing problem. As a result, the India-Pakistan-Ceylon-Burma Outward Freight Conference imposed a 30% freight surcharge on shipments into Chittagong from April 3.

The Pakistan Government has protested to the Federal Maritime Commission and the final outcome of formal hearings held in May is awaited.

Turkey

Government continues to stress imports which will aid growth



By **MAURICE E. BIRCH**
Near East-South Asia Division, BIC

Conditions in Turkey give a mixed picture of the demand for U.S. products during the rest of 1964.

Several factors account for this situation:

Diminishing foreign exchange and gold reserves due, in part, to higher first quarter 1964 imports over 1963.

Continuation of strict import quotas.

A business-activity pattern marked by a slow-down in domestic trading but also by the maintenance of a high level of industrial production.

As in past years, the level of U.S. economic aid will have an important influence on our export showing in this market.

Schedule for expansion

Now in the second year of its 5-year development plan, Turkey continues to stress the importation of goods that contribute to the country's economic growth rather than consumer items.

For 1964, specific industries or products tentatively scheduled for expansion include canning, milk, tea, textiles, paper, printing, plastic processing, chemicals, cement, iron and steel, industrial and agricultural machinery, gas and liquid petroleum gas.

Turkey's foreign exchange situation, which has necessitated the maintenance of import and exchange restrictions, did not improve in early 1964. Net foreign exchange reserves had fallen to $44.1 million by the end of February, approximately $2 million less than at the end of 1963 and $16 million below January, 1963.

Turkey's 12th import program, valid until June 30, 1964, provided for the importation under quota of such items as discontinuous synthetic fibers and waste, iron and steel products, aluminum products, diesel engines, air and vacuum pumps, machine tools for working metals and metallic carbides, typewriters, accounting machines and tractors.

In many cases, only certain types of these items were on the quota list. Others were on the liberalized list.

The 13th Program, covering the last half of 1964, should be announced shortly. While few major surprises seem likely, a special governmental study group reportedly has agreed that passenger cars weighing more than 1,300 kilograms (2860 lbs) are luxury vehicles. No regulations have been issued, but it is likely that the import of such cars will be restricted by such means as increased taxes.

During 1963, according to U.S. statistics, total U.S. exports—including PL-480 surplus agricultural commodities—amounted to $216 million, up 11% from the $194 million in 1962. While not as substantial as the dramatic 37% increase of 1962 over the 1961 exports, the 1963 figure reflects the leveling at a higher plane of the amount of U.S. aid to the country.

Notable increases for the past year could be found in non-electrical machinery (especially industrial machinery, where exports were $57.2 million or up 82%) and in yarn thread with exports of $25 million or up 510%.

Other increases

Other increases were recorded in petroleum products, iron, steel and transport equipment. The U.S. also exported significant amounts of plastic material, rubber manufactures and manufactures of metal.

According to Turkish statistics, total imports from all countries for 1963 amounted to $692 million, of which 30.5% came from the United States. During the first quarter of 1964, the U.S. remained the largest single supplier, contributing 26% of the total imports. This compares with 23.7% during the same period last year. In absolute amounts, imports from the U.S. increased about $9 million, or 31% over the 1963 quarter.

Business activity in Turkey for the first quarter of 1964 showed two tendencies. Domestic trading activity was sluggish, aggravated by seasonal factors, shortage of credit, projected tax reforms and political uncertainty, especially over Cyprus.

Industrial production for the quarter was at a high level, and several firms planned expansions although there were some raw material shortages. In Istanbul, housing and other construction, as measured by construction licenses, increased markedly during the quarter.

On April 8, the United States and Turkey signed a $70 million program loan to help finance Turkey's imports from the U.S. Under the terms of the loan, $30 million will be made available for immediate use with the balance to be released later in 1964.

The Agency for International Development (AID) has granted $6 million in supporting assistance for the import program, a $10.5 million loan for the Turkish-Iranian Railroad and a $18.1 million loan for highway maintenance. All are tied to U.S. procurement.

Other loans by the U.S. include $8.05 million from the Export-Import Bank to expand the Ergani Copper Works.

The OECD Consortium for Aid to Turkey also has agreed to supply credits. The AID grants and loans are part of this over-all Consortium aid. For 1964, Turkey has requested $250 million in assistance.

Private action

The Bank of America, together with Turkiye Is Bankasi, Turkey's largest commercial bank, opened a new bank, a joint venture which will specialize in foreign trade transactions.

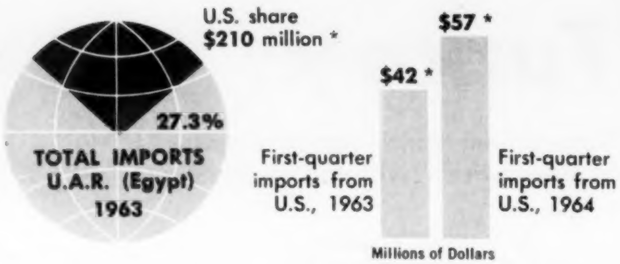
The Schlitz Brewing Co., with several Turkish investors, began construction of a $7.5 million brewery, the first privately-owned one in the country. U.S. interest in participating in Turkish aluminum production and petrochemicals also was evident.

Tourism is receiving more attention. With the possible exception of increased remittances from Turkish workers employed in Western Europe, it is regarded by many as offering the best short-term hope for increased foreign exchange earnings.

The United States will participate in the Izmir International Fair late this summer. This activity provides a major opportunity for showing American products and services. There will be special import allocations to fair participants.

UAR (Egypt)

There are opportunities for business despite balance-of-payments troubles



By ROGER D. SEVERANCE
Near East-South Asia Division, BIC

In spite of recent external assistance to the United Arab Republic, that country's balance-of-payments difficulties will continue to exercise an adverse effect on U.S. trade in the coming months.

Nevertheless, there is business to be done in the U.A.R.

Large sales have been reported recently by U.S. companies. Investment interest has picked up since the signing of an Investment Guaranty Agreement between the two countries in June, 1963.

Foreign exchange reserves continue at a low level. Short-term external borrowing increased during 1963 and the U.A.R. trade deficit reached a record level.

The government moved to combat this trade-imbalance problem by cutting hard currency expenditures for non-productive projects, prohibiting all but essential foreign travel and placing foreign exchange matters under a central ministerial committee.

Concern for the economic situation also was reflected in a government reorganization last March. Eleven new deputy prime ministers were appointed, five of them being directly concerned with economic aspects of government, creating in effect, a super-cabinet.

Additional restrictions

In April of this year additional restrictions were placed on external payments. An I.M.F.-supported economic stabilization program provided, among other things, for a 5% tax on all imports except for a few highly essential goods imported by the Ministry of Supply.

A similar 5% tax was placed on transfers connected with invisible transactions other than those on government account, for the pilgrimage and for students studying abroad.

A new import license procedure was announced. Each sector of the economy will now receive a foreign exchange allocation directly. Foreign exchange will be distributed within each sector without recourse to the ministry of economy, exchange control department, or import licensing office. The potential of a sector for earning foreign exchange will be a major factor in determining its import allocation.

Total U.A.R. exports for 1963 reached $521.6 million as against $364.1 million in 1962. Imports increased even more rapidly, however, amounting to $916.3 million in 1963 compared to $692.1 million for 1962.

Major causes of the sharp climb in imports were large increases in imports of machinery, machine tools and boilers, wheat flour and pharmaceutical products. On the export side, shipments of raw cotton and rice were up in 1963.

Raw cotton accounted for $209.3 million in exports for the first 10 months of 1963, an increase of $62.6 million over the 1962 period. This had been expected, as 1962 exports were abnormally low because of serious worm damage during the 1961 season.

The Soviet-bloc countries imported 57% of raw cotton exports during 1963, compared with 65% during the 1962 period—a reflection of the U.A.R.'s effort to increase exports to the Western countries.

U.S. main supplier

The U.S. remained the U.A.R.'s principal supplier in 1963, with 27.3% of the market compared with 24% in 1962.

Based on U.S. statistics, exports of U.S. merchandise to the U.A.R. dipped in 1963 to $209.9 million from $234.4 million in 1962. The decrease was primarily due to a drop in shipments under Public Law 480 from $162.5 million in 1962 to $133.8 million in 1963.

Shipments of U.S. machinery increased from $21.8 million to $27.3 million. Pharmaceutical and transport equipment shipments declined.

General imports by the U.S. from the U.A.R. were $19.9 million in 1963, down from $25.6 million in 1962.

An increasing number of U.S. firms showed interest in investment activity in the U.A.R. Fifteen Investment Guaranty applications were submitted by U.S. firms between June, 1963 and March, 1964.

Prospective new investments totaled about $65 million. During the autumn of 1963, Phillips Petroleum and Pan American Oil Co. signed oil concession agreements.

The pace of nationalization was stepped up during 1963. New measures, the most sweeping since 1961, established complete government ownership of all cotton ginning and exporting; flour and rice milling; most pharmaceutical firms; transportation companies, the mining industry and practically all business firms of any consequence.

Under the agrarian reform program, a law was passed prohibiting foreigners from owning agricultural land in the U.A.R. The new decrees provided for compensation in 15-year, 4% government bonds, but compensation to Egyptian shareholders of nationalized companies was limited.

Tourism growing

Suez Canal earnings and the growth of the tourist industry continue to be bright spots in the economy. Canal revenues, payable in freely convertible currencies, increased an estimated 5.2% over 1962, to approximately $163 million.

The Canal Authority announced last February that the maximum allowable draft for ships in the Canal would be increased by 1 foot.

The number of tourists to the U.A.R. increased 39% over 1962. Reflecting this activity and the government's interest in promoting tourism, three U.S. companies, Sheraton International, Hilton and Pan American all concluded agreements for construction of hotels in the U.A.R. The Government estimates that $56.8 million will be spent on tourist projects within the next few years.

U.S. AID activities in the U.A.R. included the signing of a loan agreement of $5.7 million for installation of a cardboard mill at Rakta paperworks near Alexandria. A 2-year tobacco agreement, under Title I of PL-480, was signed, bringing the total value of PL-480 Title I agreements for fiscal years 1963-1965 to $410 million.

Pact with Kuwait

In April, the U.A.R. signed a $98 million loan agreement with Kuwait. Of this amount, $28 million is earmarked for the Suez Canal Authority. The balance is not tied to any project.

Africa on the move

U.S. exporters haven't taken full advantage of trade opportunities

By B. ROBERT SARICH

Deputy Director,
Africa Division, BIC

The increasing tempo of economic activity in Africa is improving the potential trade opportunities for U.S. business.

Most of the newly independent African countries are implementing large-scale agricultural and industrial development projects to advance the rate of their economic progress. Past patterns of trade are changing as African states seek to diversify their foreign trade relationships and break away from traditional commercial channels. This is the time for vigorous sales efforts in these markets.

A statistical review of U.S. business relations with Africa reveals an upward trend both in exports and imports. However, the rise in U.S. exports has not been dramatic and U.S. exporters have not taken full advantage of business opportunities.

U.S. exports to Africa amounted to $778.9 million in 1963, compared with $745.5 million in 1962. These export figures include economic assistance to African countries and shipments under the PL 480 program.

Best U.S. customers, in order of importance, were the Republic of South Africa, Congo (Leopoldville), Morocco, Algeria, Libya, Nigeria, Liberia and Tunisia.

Favorable U.S. prospects

Prospects are favorable for the expansion of U.S. exports to a number of other countries, including East Africa (Kenya, Tanganyika, and Uganda), Northern Rhodesia, the Ivory Coast, Guinea, Ethiopia, Sudan, Gabon and Cameroon. Details on U.S. trade with larger African markets appear elsewhere in this issue of INTERNATIONAL COMMERCE.

Analysis of the commodity composition of U.S. exports to Africa shows construction, excavating and mining machinery as the most important group, reflecting stepped-up industrial activity throughout the continent.

Other significant U.S. shipments to Africa include foodstuffs, grains and food preparations; automobiles, parts and accessories; tractors; textiles; iron and steel and metal manufacturers; chemicals and chemical products.

Recent Commerce Department trade promotional activities in Africa included a U.S. Trade and Development Mission to Kenya, Tanganyika and Uganda and regional conferences of commercial officers in Lagos and Nairobi.

Officials who took part in the conferences were in broad agreement that "the economic outlook for the African countries is generally favorable, and real opportunities exist for the development of U.S. trade relationships, provided a more soundly conceived and supported U.S. business effort is undertaken."

AID program helps

U.S. trade is closely tied to the AID program in some areas of Africa, since AID funds—because of policy requirements—must be spent for U.S. products and services to the maximum extent possible. AID programs for Africa emphasize educational, agricultural, and community development projects and infrastructural developments such as power and roads.

Implementation of these projects means procurement of much of the equipment, supplies and services in the U.S.

U.S. purchases from Africa were valued at $757.6 million in 1963, against $733.3 million in 1962. Principal U.S. commodity imports included coffee ($165 million), uranium ($96 million), cocoa ($73 million), rubber, non-ferrous metals and precious stones.

Despite rapid decolonization, economic, commercial and financial ties between the former metropole and African states remain very strong and are reflected in the orientation of their trade.

These links have been further strengthened by the association of 18 African countries (mostly French-speaking) with the Common Market, which provides EEC traders with a distinct tariff advantage over U.S. products in these markets.

Want to diversify

However, many economically important African areas are anxious to diversify their sources of supply and conduct trade on a worldwide basis. U.S. firms should take a closer, country-by-country look at Africa. Better understanding of local trading conditions and aggressive sales techniques will aid in taking advantage of many existing trading potentials.

In particular, exporters must develop adequate research and surveys geared to the requirements of the market. They should appoint qualified agents or distributors, establish regional offices and service facilities and conduct effective sales campaigns.

There is an increase in the movement of American private investment capital to Africa. The book value of U.S. private investment was estimated at $1,246 million in 1962, the bulk of which was in petroleum activities ($627 million), followed by mining and smelting ($307 million) and manufacturing ($141 million).

Distribution of these investments, on a geographic basis, shows substantial funds devoted to petroleum exploration and exploitation in Libya, to extracting industries in West Africa and Northern Rhodesia and to manufacturing in South Africa.

While U.S. private investments in Africa are relatively modest compared with total American investments throughout the world (about $35 billion), on balance they are steadily increasing and are showing a high rate of growth in the more underdeveloped areas. The contribution of U.S. business to African economic development is keenly sought by African countries and many have enacted investment codes or laws designed to encourage private foreign investment.

Want U.S. capital

Reflecting the serious desire of African leaders to attract private U.S. capital is the fact that 19 African countries have concluded investment guaranty agreements with the U.S., and several additional agreements are being negotiated.

Together with the rising level of U.S. private investments in Africa, opportunities for new exports are developing. The steady process of industrialization, centered principally on processing locally produced raw materials, plus various construction and building programs related to housing, roads, ports and other facilities, will require imports of all types of capital goods. Sales possibilities for this type of equipment probably will remain strong.

The economic and industrial growth evident in many parts of Africa, coupled with rising purchasing power, points toward new trade and investment possibilities in a wide range.

North Africa—The Horn

Five countries with growing economies offer sound market for U.S. sales

By STUART M. MATLINS
Africa Division, BIC

U.S. exports to North Africa and the Horn—more specifically, to Tunisia, Libya, Sudan, Ethiopia and the Somali Republic—should show a perceptible, if small, rise over the next year.

The further implementation of development plans, higher export earnings, increasing U.S. investments and expected maintenance of present levels of AID assistance—much of which is tied to procurement in the U.S.—will contribute to additional sales.

In 1963, U.S. exports to these countries totaled $99.5 million, down from the $130.5 million of 1962, according to Bureau of the Census statistics. An analysis of this decline reveals that the 1962 export figures were distorted somewhat by larger than usual shipments of grain, primarily under the Public Law 480 program.

Major U.S. exports to the area in 1963 continued to be machinery and transportation equipment ($43.4 million), food and live animals ($18.8 million), manufactured goods and chemicals. An appreciable portion of these exports was made under the AID programs, which in 1963 totaled approximately $60 million.

The outlook for exports in the coming months is particularly good for capital goods of all kinds, as well as engineering services in line with the countries' development plans.

Development plans help

Development plans represent major opportunities for U.S. firms to enter markets not penetrated previously or to increase shares of existing markets. U.S. companies would be well advised to familiarize themselves with the projects to be undertaken and the economic sectors to be concentrated on under these plans.

U.S. imports from these countries rose to $60.6 million in 1963, up fom $50.7 million in 1962, according to U.S. data. Imports consisted primarily of agricultural commodities, especially coffee from Ethiopia ($31.9 million) and crude petroleum from Libya ($15.5 million).

All the countries discussed in this article are anxious to attract investment by U.S. firms. The Governments of Ethiopia, Sudan and Tunisia have concluded Investment Guaranty Ageements with the U.S. These agreements guarantee against risks resulting from expropriation, war and inconvertibility of currency.

Among major U.S. private investments concluded in the recent past are expansion of a pharmaceutical plant in the Sudan; a fisheries project in the Somali Republic; extensive investments in the oil industry in Libya, and potash mining in Ethiopia.

In Tunisia and Libya, tourism presents an interesting and viable industry. Tourists have been coming to these 2 countries in increasing numbers in the past few years. All indications point to a continuing upward trend.

The type of accommodations preferred by tourists are in short supply and there is much construction of hotel facilities.

Libya

The continued availability of hard currency exchange earned by increasing oil exports; continued expansion of petroleum development involving major investments by U.S. firms; ancillary development in the local economy; new consumer buying power and development expenditures under the $475 million Five-Year Development Plan should be conducive to steadily growing market possibilities. U.S. exports to Libya are expected to maintain a strong position.

In 1963, U.S. exports to Libya were valued at $43.4 million, making the U.S. the second largest supplier of the $238.8 million import market. U.S. exports consisted chiefly of equipment and supplies for the petroleum companies, and manufactured products and consumer goods for the local market.

Tunisia

Tunisian exports and imports, both increased in 1963. However, Tunisia's continuing balance of payments deficit has caused a cut-back in imports of consumer goods of all kinds.

Imports of raw and semi-processed goods and of machinery and industrial equipment increased during 1963. Exports of food products (fresh and dried vegetables, wine, cereals) and phosphates expanded.

U.S. exports to Tunisia, to a greater extent than most of the other countries considered here, are largely tied to shipments made under AID programs.

Tunisia's continuing balance of payments deficit has caused a cut-back in imports of consumer goods of all kinds. Imports of raw and semi-processed goods and of machinery and industrial equipment all increased during 1963.

Sudan

While the Sudan may be a relatively small market for U.S. consumer goods, it is expanding and, for some items, 1964 may be an excellent time to enter the market. A substantial sales market for capital equipment already exists, particularly in agriculture, transportation and light industries related to the nation's development program.

Ethiopia

In 1963, the U.S. maintained its position as one of Ethiopia's major suppliers and its position as that country's best customer. The principal U.S. exports to Ethiopia were machinery, transportation equipment and raw cotton. Demand for these items, as well as for textiles, tools and electrical equipment, should remain strong during 1964.

Ethiopia's exports and imports both reached record levels during 1963. Higher expenditure for imports resulted in large measure from the implementation of Ethiopia's development plan, the Second Five-Year Plan, with considerable outlays being made for buildings, industry and infrastructure projects.

Increased exports reflected the continued expansion of agricultural production that has taken place over the past few years. Coffee maintained its position as the main source of export earnings, providing more than 50% of the total value of all exports.

Somali Republic

Recently liberalized trade regulations present U.S. firms with the opportunity to compete on equal terms for sales in the market.

Prospective Markets

Although markets in all these countries are relatively small now they are worthy of attention by the U.S. business community. Increasing purchasing power and the implementation of development projects in various industrial sectors offer many new trade opportunities for U.S. businessmen.

French-speaking Africa

U.S. sales up, but ties with EEC should limit exports to 14-nation group

By OMERO SABATINI
Africa Division, BIC

In recent years, U.S. sales to French-speaking West Africa, while modest in terms of total value, have established a definite upward trend. This pattern is expected to continue.

French-speaking West Africa, with a population of about 34 million and a combined gross national product of approximately $2.6 billion, is composed of 14 countries, 12 of which fall into 2 major groups—the West African Customs Union, which consists of Ivory Coast, Senegal, Dahomey, Mali, Mauritania, Niger and Upper Volta, and the Equatorial Customs Union, which includes Gabon, Congo-Brazzaville, Chad, Central African Republic and Cameroon.

The remaining 2 countries, Guinea and Togo, do not belong to either group. Movements of goods generally are free within the 2 customs unions and each area is practically homogeneous for purposes of regional sales development and promotion.

Most of these countries have expanding economies and a growing need for more capital and consumer goods, which will generate a larger volume of imports. However, all these countries except Guinea are associate members of EEC.

In general they have bought U.S. products only when adequate substitutes could not be obtained from the Franc Zone or the EEC. American products will continue to face strong competition from French and European goods which enjoy preferential tariff treatment.

Total U.S. exports to all these countries amounted to $55.7 million in 1963, compared with $38.7 million in 1962. The upward trend has continued into 1964, with exports for the first 3 months valued at $18.4 million.

Top sellers

Traditionally, U.S. exports to this region consist mainly of petroleum products, industrial machinery, steel and iron products, refrigeration equipment and air conditioners, mining equipment, wood processing machinery and automotive, aviation, and marine equipment. Also important are second-hand clothing and inexpensive textiles, and hand tools and hardware.

In addition to these commodities, export opportunities exist for water pumps, electrical equipment of various types, fishing gear including refrigeration equipment, textile machinery, diesel generators, railroad equipment, feed grains, wash-and-wear textiles and cosmetics.

Prospects vary

Prospects for U.S. sales vary with individual countries, and a significant amount of exports is generated by AID programs. Total U.S. aid to this area amounted to about $23 million in 1963. Recent examples of AID funds tied to U.S. procurement are the $5.5 million granted to Guinea in commodity assistance in 1964, and a $1.7 million loan to the Ivory Coast for the purchase of highway equipment.

Considering both AID-financed and normal commercial exports, the best sales possibilities exist in Ivory Coast, Guinea, Gabon, Senegal and Cameroon. Togo and Congo-Brazzaville also appear to offer good, if somewhat smaller, markets for U.S. products.

Agricultural commodities sold under the PL 480 program have become an important part of total U.S. exports to this area. Present Title I shipments are directed to Guinea, Ivory Coast and Senegal.

Guinea leads

Guinea has received the largest share, with some $18 million worth of wheat flour, corn, rice, tobacco, soybean oil and dairy products shipped since the beginning of the program in 1962. Senegal and Ivory Coast will receive respectively $4 million in rice and sorghum, and $3.8 million in rice and inedible tallow in 1964.

In commercial dealings with this part of Africa, American firms should use the French language in all communications and quote c.i.f. prices.

The vast majority of imports into this region is still handled by a few large French companies, but African owned and operated enterprises are beginning to engage in foreign trade. U.S. exporters might well consider doing business with these new organizations, which are creating additional marketing channels and are looking for new sources of supply.

In Ivory Coast, for instance, a fairly large African co-operative is preparing to import a general line of merchandise.

In addition, negotiations are underway among several of these countries for the establishment of a joint government purchasing agency which will pool import orders of bulk commodities such as cement, sugar, textiles, salt, rice and gasoline.

U.S. investments help

Further export opportunities in French-speaking West Africa undoubtedly will be opened by the new private U.S. investments centered in mining and other industries with products that can be exported on the world market.

All these countries welcome more private American capital and have created a very favorable investment climate, granting many benefits such as tax rebates and exemption from certain import and export duties.

Most of them also have signed an Investment Guaranty Agreement with the U.S. More countries are expected to enter into such agreements in the near future.

Several joint companies with U.S. participation have been established and more are contemplated. These companies often use equipment imported from the U.S.

New ventures

New or anticipated ventures with partial American ownership include bauxite mining in Guinea, manganese and iron ore in Gabon, phosphate in Senegal and Togo, potash in Congo-Brazzaville and copper in Mauritania.

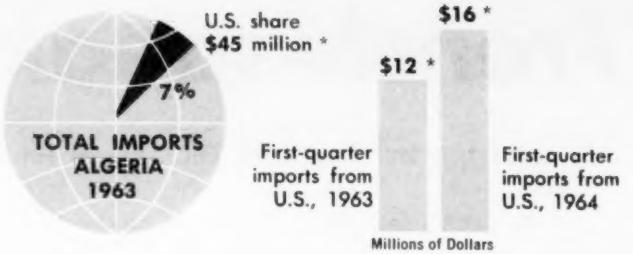
Others include construction of freezing and cold-storage plants for tuna in Senegal and Congo-Brazzaville, hotel-building in Ivory Coast and Guinea, operation of a pilot pineapple plantation in Congo-Brazzaville, construction of an oil refinery in Senegal, and building of a truck assembly plant in Guinea.

Given the fact that U.S. private investment in this area is growing steadily, and considering that the modest upward swing in trade is continuing, new opportunities for exports to French-speaking West Africa may be anticipated.

Algeria

Wants to diversify foreign trade; long-run prospects for U.S. sales

By ROBERT C. HUFFMAN
Africa Division, BIC



U.S. sales to Algeria, although not increasing dramatically, are expected to be maintained at about the 1963 level. In the coming months, American exports to this market will consist mainly of U.S. Government-financed Food for Peace shipments.

The longer run prospects for expanding U.S. exports are more promising because of Algeria's desire to diversify its foreign trade and because of increasing revenues from petroleum production and exports.

Although the range of U.S. exports to Algeria in recent years has been rather limited, Algerians have come to have a high regard for the quality of the U.S. product.

The somewhat bleak trade outlook over the short run is due mainly to the lack of both private and public funds. This has necessitated imposition of severe import and exchange control restrictions. New private investment is scarce.

Agricultural production continues to decline and is now far below preindependence levels. Unemployment is a serious problem. Extensive nationalization has resulted in the loss of skilled manpower and reduced industrial production.

U.S. exports to Algeria totaled $44.6 million in 1963, compared with $50 million in the previous year. Last year, U.S. shipments consisted mainly of foodstuffs financed under Public Law 480, in continuation of a 1962 pattern.

Chance for U.S. sales

Sales of U.S. machinery and transportation equipment to Algeria last year amounted to $7.4 million. In the coming months, some opportunities may exist for U.S. sales of agricultural equipment, mining equipment, insecticides, fertilizers and pharmaceuticals.

U.S. sales to Algeria in the first quarter of 1964 were encouraging, totaling $16 million compared with $12 million in the same period last year.

Firm demand for agricultural equipment is expected to be a part of the Algerian economic picture for some time. Its roots lie in the Algerian Government's effort to modernize the agricultural economy, a top priority project. Similarly, Algeria's need for mining equipment is dependent upon the fundamental growth of an important sector of the economy.

In terms of both profits and growth rate, the oil industry is Algeria's most prosperous economic activity. In 1962—63, Algeria's oil production increased 12%, to 23 million metric tons. Considering growth such as this and the absolute importance of oil in Algeria's economic future, demand for all kinds of equipment used in petroleum production should show a steady increase in the coming years.

U.S. imports from Algeria last year totaled only $841,000, according to U.S. statistics. This compared with $5.3 million in the previous year. The decline resulted from the sharp drop in crude oil purchases by the United States.

U.S. exhibition

Increased interest in American goods should be stimulated by the U.S. Trade Exhibition in Algiers in July. The show, devoted to the theme, "Education for Progress," will emphasize developments in agriculture, which should spark interest in U.S. agricultural machinery and techniques.

Various types of U.S. products will be demonstrated, with special emphasis on their adaptability to the Algerian market. U.S. technicians will accompany the exhibit to assist prospective purchasers in becoming familiar with U.S. equipment.

Algeria's global imports were valued at $650 million in 1962 (the latest year for which statistics are available), compared with $1,047 million in the previous year. Shipments from France and franc zone countries totaled almost 88%.

In 1962, Algeria's exports totaled $770 million, of which 80% went to the franc zone, compared with $675 million the previous year. Petroleum, now the country's principal foreign exchange earner, remains the brightest spot in the economy.

Algeria's future relationship with the European Common Market also may affect its trade with the United States. While the country's ties to the Common Market have not been clarified, Algeria is exploring possibilities for some form of association.

Industrial projects planned

Government expenditures for economic and social development, as set forth in the proposed 1964 budget, total $439.6 million. About 25% of this sum is to be contributed by the Government. The remainder is expected from foreign aid and loans, primarily French.

Major allocations are for rural equipment (32% of the total), industrial equipment (25%) and economic infrastructure (17%). The 1964 program includes many industrial projects originally included in the 1963 budget.

Moderate optimism

In spite of the economic problems Algeria is experiencing, there are reasons for moderate optimism with respect to the country's longer run prospects.

Algeria has a solidly based infrastructure. Petroleum production and stepped up industrial activity may overcome some of the problems in the near future, which would materially improve the prospects for a higher level of trade and stimulate additional export opportunities for U.S. products.

U.S. firms should appoint aggressive local agents, however, as the market is competitive. Companies also should send all correspondence, bids and promotional literature in French, to take full advantage of the opportunities to do business in Algeria.

A Commerce Department publication, *Africa: Sales Frontier for U.S. Business*, is for sale by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C., 20402, at $1 a copy.

Also available is *Market Indicators for Africa*, Part 3, No. 62-20 of the Commerce Department's World Trade Information Service. Copies of this 12-page report are available from the Superintendent of Documents at 20 cents each.

The publications also may be purchased through any Department of Commerce Field Office.

Congo

Recent monetary reforms brighten U.S. trade, investment prospects

By BARBARA HUDDLESTON
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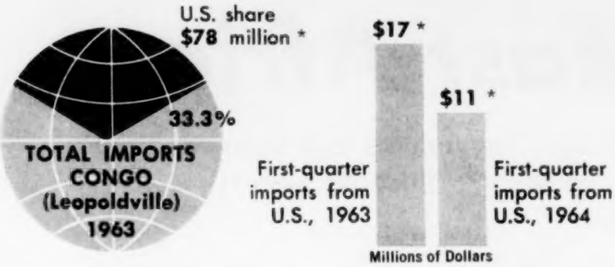

Prospects for increased U.S. trade and investment in the Republic of the Congo (Leopoldville) have improved noticeably since the major monetary reform last November.

The release of AID import support funds and shipments anticipated soon under the PL 480, Title I, Agreement will insure a substantial flow of U.S. goods into the market. In addition, purchases of U.S. goods with the Congo's own foreign currency earnings are increasing.

Exchange reserves rise

Several indicators point toward continued increase in economic activity in the Congo during coming months and thus toward higher levels of foreign trade.

Exports are up 15% over last year and the outlook is very good for continued increase in production. Retail prices seem to be leveling off after an inflationary rise of 55% from October, 1963, to the end of March, 1964. The supply of locally-produced goods for domestic consumption appears to be increasing.

The foreign exchange picture has also improved measurably since devaluation. Stricter administrative controls over government expenditures and a tighter commercial credit policy have resulted in a sharp rise in foreign exchange reserves which can now be applied toward regularizing the Congolese import pattern.

Future hopes

Although the Congo will continue to be heavily dependent on U.S. AID and PL 480 financing for imports during the next several months, it is hoped that Congolese authorities soon will liberalize import procedures to put accumulating foreign exchange reserves back into imports urgently needed to keep economic growth steady.

According to U.S. statistics, the U.S. exported $78 million worth of goods to the territory comprising the former Belgian Congo, Rwanda and Burundi in 1963. To the Congo alone, the U.S. sold goods worth $60 million during the first 9 months of 1963, according to Congolese trade figures.

Although the bulk of U.S. exports were financed by AID and PL 480 programs, more than $9 million worth of goods were paid for with the Congo's own foreign exchange earnings.

U.S. top supplier

The U.S. ranked first among suppliers to the Congo in 1963, with 33.3% of the market. Major U.S. exports include electrical machinery, transportation equipment, textiles and cloth manufactures, petroleum products, chemicals, pharmaceuticals and flour.

U.S. imports from the former Belgian Congo, Rwanda and Burundi during 1963 (based on U.S. Bureau of the Census figures) totaled $53.5 million. Principal U.S. purchases include copper, palm oil, diamonds, gold, coffee, rubber, cobalt, cassiterite and manganese.

Both the Agency for International Development and the Department of Agriculture have instituted new assistance programs in the Congo since last November's reform. A total of $22.5 million has been released by AID since last January to finance imports of automotive spare parts, industrial spare parts, tires and tubes, industrial chemicals, pharmaceutical products, trucks, industrial textiles and replacement machinery.

Under a new PL 480 Title I agreement signed April 28, $19 million worth of U.S. agricultural products will be exported to the Congo. The principal items are flour, rice, corn, tobacco and beans. Additional amounts and other products are contemplated in both programs before the end of year.

Liberal import rules

Both programs follow an open-license system instituted in January with the beginning of the new AID import support program. Under liberalized procedures, importers are permitted to obtain licenses and open letters of credit without obtaining import quotas or foreign exchange authorizations.

This procedure has induced a certain competition among importers, especially among industrial end users, who must protect their position. It also encourages a sense of responsibility toward suppliers represented by agents and distributors there.

This open-license policy was impossible at the earlier exchange rate and in the absence of credit restraint. At the present time, however, the policy is not only feasible but highly successful and has received much favorable comment.

U.S. exporters interested in taking advantage of these programs may obtain trade lists and world trade directory information from the Department of Commerce and its field offices.

Competition encouraged

The procedures followed in the Congo should give exporters a good opportunity to establish or to maintain relationships with the more energetic and competitive importers and agents in the Congo.

The investment climate also appears to have improved as the result of the exchange stabilization program. Many of the established companies in the Congo are showing signs of greater confidence by undertaking new investments in capital expansion programs.

Some of these companies are more actively seeking foreign capital participation, notably American private capital.

Investment picture

One U.S. bank recently purchased shares in the Banque du Congo and several other companies have shown interest in Congolese development opportunities.

Although a draft investment code has not yet been formally approved, investors may obtain concessions and approval from Congolese Government authorities on an ad hoc basis.

The Congolese Government has signed an investment guaranty agreement with the U.S., and eventually U.S. investors may obtain loans to cover local currency costs from the funds accumulated through PL 480 sales.

Provided the bright economic outlook continues and political difficulties do not erupt, there is exciting market potential for aggressive U.S. businessmen in the rapidly-expanding Congolese economy.

East Africa

Kenya, Tanganyika and Uganda offer unified, growing market

By MYRNA WEINSHANK
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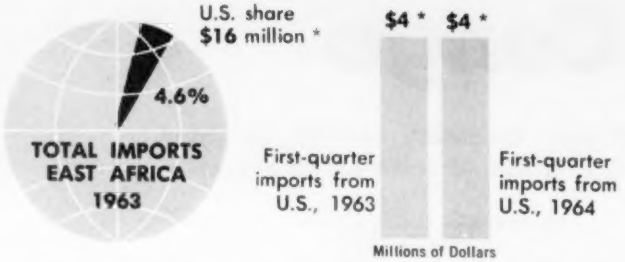


Prospects for increasing U.S. sales to East Africa—Kenya, Uganda, and the United Republic of Tanganyika and Zanzibar—are excellent. Favorable climatic prices for major exports have led the area's recent economic expansion.

The "wait-and-see" attitude which characterized the period preceding Kenya's independence in December, 1963, is rapidly disappearing. Increased interest in private investment is apparent, and purchases of capital equipment, which had been sluggish, have begun to rise.

In May the countries decided to retain the East African Common Market and the common East African currency. No taxes or duties are imposed on goods moving between the countries, which form a unified market of 25 million persons.

Although the over-all trend of U.S. sales to East Africa has been upward, American businessmen supply only about 6% of the area's import needs. Total shipments from the U.S. fell from $21.4 million in 1962 to $15.9 million in 1963. This drop reflects the end of free U.S. famine relief exports which were abnormally high in 1962 because of crop failures. Aside from famine relief shipments, there was actually a modest increase in U.S. sales.

Principal U.S. commodity exports include automobiles, electrical appliances, air conditioners, farm and road-building equipment, mining and irrigation equipment, paper, paperboard and foodstuffs.

Sales of machinery and equipment of all kinds should be simulated by the large-scale development projects currently being implemented in East Africa.

The Uganda Five-Year Plan, which runs to mid-1966, envisages total public and private investment of more than $250 million. The new Tanganyika Five-Year Plan has just been introduced to the National Assembly, and the Government of Kenya expects to publish its Plan before the end of the year. Both require new investment of $140 million each year.

All 3 Plans stress expenditure in the fields of agriculture, roads, railways and school construction. Tanganyika also intends to speed up the pace of industrialization and investment in manufacturing.

During the past year AID committed about $14.5 million in development loans and grants to Kenya, Tanganyika and Uganda. Since most of this financial aid is tied to U.S. procurement, the AID program presents an excellent opportunity for American suppliers to expand their sales in this growing Market.

In addition to the actual purchases made with AID funds, the introduction of American specifications through the program enables U.S. firms to compete more effectively on non-AID financed orders.

East Africa has been increasing its purchases of consumer goods of all kinds and, as the economies expand, this demand will continue to grow. Automobiles, buses, trucks, bicycles, motor scooters and motorcycles should continue to find improving markets.

Imports of medicinal and pharmaceutical products; soaps and cleansing preparations; paper and paper board products; dyed and printed cotton fabrics; synthetic fabrics; radios and phonographs; appliances; clothing and footwear also have been rising rapidly. There is every indication that demand for these products will continue.

Consumer brand loyalty toward European products and established channels of trade with Europe through the large East Africa import houses have slowed the increase of U.S. exports to East Africa.

The African traders are relatively inexperienced and the Asian trading community has not had much contact with U.S. products. Since the larger trading houses are European-controlled, the establishment of agents among the more numerous Asians and Africans is a basic problem.

Trade and investment opportunities in East Africa have been investigated recently by a U.S. Trade and Development Mission which visited Kenya, Tanganyika and Uganda. Copies of the Mission's report are available from the Sales and Distribution Section, U.S. Department of Commerce, Washington, D.C. 20230, at 35¢ each.

Further Department of Commerce, trade promotion activities in this area during the next 12 months will include exhibits at the U.S. interagency exhibitions in international fairs at Dar es Salaam, Tanganyika and Nairobi, Kenya.

U.S. purchases from East Africa—primarily coffee, tea, sisal and pyrethrum—were valued at $65.8 million in 1963, as against $57.2 million in 1962. Much of this increase probably reflects higher commodity prices, especially for coffee.

There is an increasing awareness within East Africa of the necessity for private foreign capital investment. In the past 7 months both Kenya and Tanganyika have concluded Investment Guarantee Agreements with the U.S.

At the present time the Uganda Government handles each prospective investment separately, and is often willing to provide guarantees for the repatriation of capital and profits. Formal investment legislation reportedly is under consideration.

Confidence in the area is evidenced by the many investment projects which are being planned. In Uganda, Dunlop Rubber Co. is putting up a bicycle tire and tube factory which will produce about 1 million bicycle tires and 1.5 million bicycle tubes annually.

Also in Uganda, the Madhvani Co. has announced plans for a new $11 million textile plant. Agreements have been reached for the construction of a $14 million oil refinery and a $980,000 cashew nut processing plant in Dar es Salaam.

Other projects pending in Tanganyika include a $1.4 million knitting and spinning factory and a $160,000 soap plant. In Kenya, a $5.6 million sugar factory is being built near Kisumu, and construction should begin shortly on a $9.8 million textile plant and a $14 million paper pulp mill.

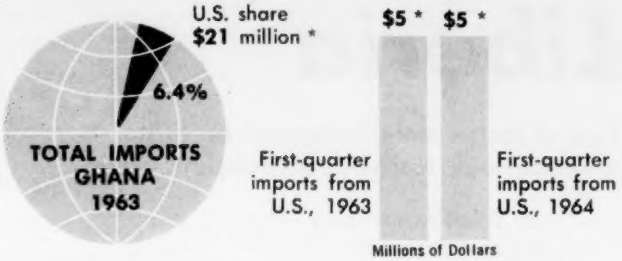
The economic growth of East Africa has been slow but steady. In each country Government-supported development corporations actively assist private investors.

The industrial growth which should result from current development plans and the resultant rise in purchasing power make East Africa an expanding and lucrative market.

Ghana

Prospects of trade expansion for U.S. viewed with some pessimism

By JOHN HOKANSON
Africa Division, BIC



Economic difficulties, caused by large budget and trade deficits accompanied by a critical shortage of foreign exchange, generate some pessimism regarding prospects for expansion of trade between the U.S. and Ghana during the remainder of 1964 and into 1965.

The shortage of exchange reserves, resulting largely from the strain of attempting to finance an accelerated economic development program with comparatively little outside assistance, except for the huge Volta River Dam and hydroelectric project, forced the government to tighten already stringent import controls early this year.

In February, the government revoked all 1964 import licenses except for rice, flour, sugar and milk. Although some licenses have been reissued, these generally have been cut drastically from their original values.

Because of tighter import controls it appears likely that U.S. exports will fall below the level recorded in 1963.

Last year, according to U.S. trade statistics, exports to Ghana amounted to $20.6 million and consisted mostly of rice, flour, wire, machinery and transport equipment. A decrease in exports of rice was the major cause for a $2.2-million drop in total exports from the 1962 level.

Concentration of U.S. exports in a few categories might tend to soften somewhat the effect of the tightened import controls. Licenses for rice and flour were not revoked and much of the machinery and transport equipment is important to Ghana's development program.

U.S. imports drop

U.S. imports from Ghana dropped by more than $8 million from their 1962 level to a total of $54 million in 1963, U.S. statistics indicate, reflecting a smaller quantity of cocoa purchased by U.S. firms.

Ghana's total trade in 1963 resulted in a deficit balance of $60 million, according to Ghanaian trade statistics. Imports in 1963 reached $365 million as against $335 million in 1962. During the same period exports, which were $322 million in 1962, dropped to approximately $305 million.

Efforts to divert a larger share of import trade-to-trade-agreement partners, to take advantage of barter-credit arrangements and avoid direct foreign exchange outlays, changed the basic pattern of Ghana's trade slightly during 1963.

The United Kingdom retained its share of the market at roughly 33%. The trade partners in the Eastern bloc increased their share slightly from 7 to 9% while the U.S. share dropped from 13% in 1962 to 6% in 1963. Because of the exchange crisis the government appears to have intensified efforts to direct trade toward trade-pact countries.

Deficit trend

Budgetary deficts continued to plague the country during 1963. For the 1962-63 fiscal year a shortfall of nearly $97 million was incurred. A deficit of some $70 million was projected for the current fiscal year.

In an attempt to stem the deficit trend, taxes on income and most excise taxes were increased at the beginning of the fiscal year. Financing of significant portions of the deficit through the banking system and shortages resulting from import controls appear to have been major causes of the rising price level in recent months.

The climate for private investment in Ghana has remained uncertain because of the economic situation and the apparently ambivalent attitude of the government toward the private business community.

Investors welcome

In various public announcements the government has taken pains to assure investors that it continues to welcome private foreign capital within the framework of the overall development program.

Last year's passage of the Capital Investments Act and the establishment of a development bank were concrete measures to attract foreign investment.

However, new trade restrictions and tax increases, coupled with a trend toward an extension of government activities in many sectors of the economy, tended to make the climate for foreign investment less favorable.

Ghana's need for foreign capital assumed increased importance with the issuing this year of the very ambitious Seven-Year Development Plan. This plan, which places increased emphasis on agriculture and industrialization, calls for government development expenditures of about $1.3 billion over the plan period and projects private expenditures of some $1.5 billion.

About two-thirds of the funds for the government portion of the plan are anticipated from internal sources. The remainder will be sought from other governments and international financial institutions.

The plan anticipates an influx of new private capital from abroad—excluding commitments already made for the VALCO aluminum smelter—of $158 million for the plan period, or about $22 million a year. This rate is significantly above the rate of foreign investment realized in recent years.

Economic base solid

Although currently experiencing serious economic problems, Ghana has a fairly solid economic base. Its infrastructure is well-developed and the level of education of its people is among the highest in West Africa.

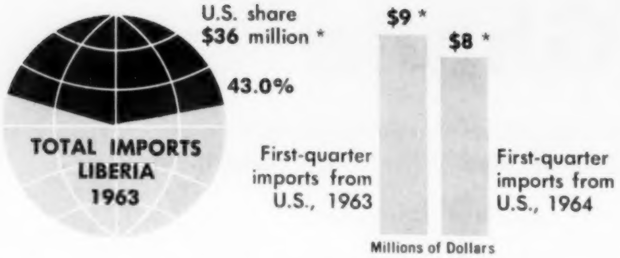
Ghana's potential for industrial development should improve next year when the country's electric power supply is increased. Power from the Volta River Dam and hydroelectric project is scheduled to become available in September, 1965. Work on the huge project is proceeding ahead of schedule and it is expected to cost appreciably less than original estimates indicated.

Given favorable prices for its chief exports, particularly cocoa, and continued efforts to curtail the level of government expenditures, the present period of financial stringency might be eased. In this event an economic upturn which would permit a more liberal trade policy could be anticipated.

Liberia

End of large scale industrial building dims outlook for trade expansion

By JOHN HOKANSON
Africa Division, BIC



A slowdown in economic activity following completion of most facilities at large iron-mining ventures, coupled with the effects of the Government's fiscal austerity program, somewhat dims prospects for expanded trade between the U.S. and Liberia during the remainder of 1964.

The recession began in 1963 with a cutback in construction activity and accompanying increases in unemployment at iron mine sites. This marked the end of a hugh private-investment inflow—more than $300 million in iron mines alone—which had been pouring in since the late 1950's.

The Government's principal problem is financial—servicing huge debts incurred in constructing infrastructure facilities which called for substantial expenditures, and required not only negotiations to stretch out debt payment, but also required credits from the International Monetary Fund to ease the financial burden. Furthermore, the Government adopted an austerity program desiged to hold down public spending outlays.

U.S. sales

U.S. exports to Liberia last year amounted to some $36 million, a significant drop from the 1962 level of $51 million. Nearly all of the decrease centered in categories generated largely by the mining investment—rails, machinery and transportation equipment. Exports of other types of goods were roughly steady with 1962 levels.

U.S. imports from Liberia during 1963 were up slightly from a year earlier. The 1963 total was $32.4 million, compared with $31.3 million in 1962.

The outlook for the capital goods market in Liberia in the immediate future will depend on the implementation of projects undertaken with financial aid from the U.S. Agency for International Development (AID), the International Bank for Reconstruction and Development, and Germany.

The AID projects include the $27 million Mt. Coffee hydroelectric project, a medical center with an estimated cost of about $6 million and a junior-senior high school. The World Bank and the German government are to help finance road building projects to modernize the transportation network.

These projects could stimulate the economy and trade during 1964. However, significant benefits are not expected until sometime in 1965.

Liberian food imports seem likely to remain at or near their 1963 levels. However, if government efforts to encourage rice production are successful there could be a marked decrease in demand for this commodity, which is an important U.S. export to Liberia.

Retail trade in general merchandise and consumer goods has been slow since the downturn, and the outlook is uncertain. Some traders and other knowledgeable observers in Liberia feel the recession has reached its low plateau and an upturn is imminent. However, a relatively high inventory accumulation and fairly tight credit seem to indicate a continued period of rather slow trade.

The traditional trading relationship between Liberia and the U.S. provides American traders with a certain advantage in the Liberian market, even under less-than-ideal conditions. The U.S. has been Liberia's largest trading partner—the largest single customer for its exports and the most important import supplier. Consequently, U.S. products are well-established in the country and generally enjoy good reputations for quality.

U.S. challenged

American traders are being challenged in Liberia by other large trading nations—mostly European—which have increased their share of the market in recent years. In many cases, they have offered good quality merchandise at very competitive prices, sometimes with attractive servicing and credit arrangements.

This increased competitiveness, combined with the temporary slackness of the market, makes it even more important for suppliers interested in selling in Liberia to make certain they have competent agents or representatives handling their products in the country.

Since active promotional efforts are essential to successful selling, an agent who is qualified and willing to expend the time and effort necessary to take full advantage of market opportunities is an extremely valuable asset.

Investors welcome

The climate for investment in Liberia remains good. The Government has indicated on several occasions that it intends to maintain the traditional open-door policy to foreign investment. However, the Government also has indicated it will press demands for additional training and employment of Liberians at all levels by foreign enterprises operating in Liberia.

Future private investment is expected to center in development of small industrial operations. A number of small-scale projects which appear to have some potential are being investigated. Also, there may be additional investment in Liberia's timber resources.

Efforts to attract investment into small-scale industry and the development of natural resources other than iron ore are—along with programs to encourage agricultural production—part of a scheme to diversify Liberia's economy and reduce dependence on iron-ore and rubber.

These two commodities now account for more than 80% of Liberia's export earnings and a large proportion of Government revenues are derived from their production and sale.

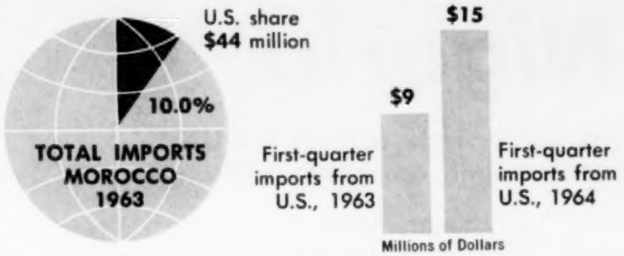
A more diverse industrial and agricultural base would tend to make the Liberian economy more stable, enhance its attractiveness for further investment and provide opportunities for increased numbers of Liberians to take an active part in the economic life of the country.

The Commerce Department's Bureau of International Commerce has prepared a 16-page Overseas Business Report (OBR 64-42) entitled Basic Data on the Economy of Liberia, for use by U.S. businessmen interested in Liberia.

The booklet describes Liberia's geography, population and government; the structure of the economy; the various industrial sectors; the labor force; finance, and foreign trade. Order from any Commerce Field Office or the Superintendent of Documents, GPO, Washington, D.C. 20402. 15 cents.

Morocco

Government's austerity program rekindling businessmen's confidence



By ROBERT C. HUFFMAN
Africa Division, BIC

U.S. sales to Morocco in 1964 will probably be maintained at about last year's level or slightly higher. Businessmen in the country are beginning to show more confidence, particularly in the long-run prospects for the economy, in view of the Government's pronounced determination to solve its serious fiscal problems.

Prospects for a near-record level agricultural production and a boom in tourism are the only bright spots in an otherwise cloudy economic picture in the coming months.

The Moroccan Government's persistent budget deficit has caused price inflation and a $60 million balance of payments deficit on current account. By the end of 1963, the country's foreign exchange holdings had been reduced to $139 million.

U.S. exports to Morocco totaled $44.2 million last year, according to Moroccan statistics, compared with $57.5 million in 1962. During the first quarter of 1964, some improvement was noted, with U.S. sales amounting to $15 million compared with $9 million in the same period of last year. The 1963 decline was one primarily to a drop in Food for Peace shipments as Moroccan agricultural production improved, but the U.S. remained Morocco's second largest supplier last year, after France, with a 10% share of the total market.

U.S. exports

Major U.S. exports in 1963 and the early months of this year were wheat, tobacco, vegetable oils, cotton, textiles, machinery and vehicles.

Import licenses, which are required for virtually all goods coming from non-franc areas, are granted for certain U.S. products in accordance with the Government's policy of using dollars primarily for imports of capital goods and raw materials. This policy probably will be continued for some time, in view of the shortage of foreign exchange holdings.

Consequently, consumer goods purchases from the U.S. will be limited, with the bulk of American sales consisting of industrial and capital goods, industrial supplies and raw materials.

AID loans to Morocco have been tied directly to the purchase of goods from the U.S. since 1962. In addition to loans the U.S. program in Morocco consists of Food for Peace under PL 480, and direct technical assistance. The continuation of the AID program, particularly the tied-loan segment, should provide a stimulus for U.S. exports to Morocco in 1964.

What's selling

Markets for U.S. goods exist for agricultural machinery (particularly tractors), mining and industrial equipment, industrial chemicals, construction materials and building machinery (particularly the earth-moving type), and, in the consumer goods field, for various types of U.S. fabrics (wool, cotton, and synthetic). Also of interest to U.S. exporters is a $500,000 quota for used clothing in the import program for this year.

U.S. firms wishing to take full advantage of opportunities to do business in Morocco should be certain to send all correspondence, bids and promitional material in French or Arabic, because the local agent generally does not have the staff or the budget to print the material locally.

According to U.S. statistics, Moroccan shipments to the U.S. last year totalled $6.8 million, representing a sharp decline from the 1962 level of $10.7 million. The drop resulted from the U.S. Government's decision to discontinue stockpiling magnesium, previously Morocco's leading export to the U.S.

While still showing a trade deficit, preliminary Moroccan figures for 1963 show an improvement in Morocco's global balance of trade.

Imports up

Imports totalled $443.3 million last year, compared with $424.9 million in 1962. Exports were $384 million (1962, $348.4 million). The 1963 trade deficit was largely due to a substantial increase in imports late in the year and a decline in export earnings resulting from lower citrus prices.

During the first quarter of 1964, Morocco's trade balance swung from a deficit of $9.3 million to a trade surplus of $1.2 million. This was due to a shift in the trade balance with the Common Market countries, with whom Morocco had a $9.8 million trade deficit in the first quarter of 1963 and a surplus of $9.3 million in the corresponding period of this year.

Last year, 83% of Morocco's total exports were food products and minerals, with phosphate exports the major foreign exchange earner. Imports in 1963 reflected the Government's desire to channel more funds for economic development purposes. Food imports declined while purchases of agricultural and industrial machinery registered increases over 1962.

Morocco is seeking some arrangement with the Common Market in order to protect its traditional markets in these countries. There are no indications as to the type of agreements which may be reached with the EEC.

Development plan

A Three Year Development Plan (1965-67), now being considered is expected to concentrate on agriculture and education, while industry—except for major projects such as the chemical complex at Sofi—will be left to private capital for development.

There are recent indications that the Government is vigorously attacking the serious budgetary deficit through such measures as tax increases and reduction in government personnel and operating expenses. Legislation also will be presented to Parliament providing for the establishment of budget ceilings and operational priorities.

Regarding the foreign exchange problem, the Government has decided to institute a gradual Moroccanization of industry and of the economic sector servicing foreign commerce; a more selective revision of customs duties; a stricter control over short-term bank credit and a new system designed to encourage savings and investment.

These measures, if implemented, should constitute important steps toward resolving the basic economic problems and contributing to an improvement in foreign trade.

Nigeria

Favorable trade outlook for U.S. seen through economy's upswing

By ARNOLD WILKEN
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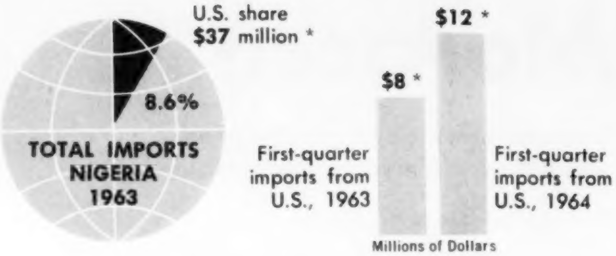


The over-all outlook for increased U.S. trade with Nigeria for the remainder of 1964 and into 1965 is favorable.

Developments within Nigeria's economy are expected to move ahead satisfactorily. Although some pessimism has been noted in the Eastern Region, most businessmen operating in Nigeria look to a gradual up-swing in economic activity and continued recovery from the depressed business conditions evidenced in 1962 and early 1963.

Several factors contribute to the encouraging trade picture, not least of which is the performance of the Nigerian economy itself in past months. Data on currency in circulation and other available indicators substantiate reports of importers and local manufacturers in Nigeria which, since mid-1963, have become progressively more optimistic in tone.

Similarly, the heightened level of Nigeria's foreign trade in 1963—especially the sharp increase shown in export earnings—indicates a growth of the market which should continue.

Provisional foreign trade statistics for the first 3 months of 1964 show that the upward trend has been maintained thus far and may result in record levels of both imports and exports this year. Particularly notable was the fine showing made by U.S. products in the Nigerian market in 1963—an increase of almost 20% in value over the previous year, surpassing gains made by any other principal supplying country.

Development gains momentum

Indications that implementation of Nigeria's 6-Year Development Plan (1962-68) is gaining momentum after getting off to a slow start during its first 2 years are also encouraging and should be of particular interest to U.S. suppliers of capital equipment and materials. Assistance to Nigerian developmental efforts through AID is also moving ahead with several important projects now under way.

The U.S. pledge of $225 million in financial and technical assistance in support of the 6-Year Plan will mean stepped-up procurement of U.S. products under the AID program. This should have a visible effect on U.S. trade with Nigeria over the next few years.

It should be noted that an element of uncertainty has been introduced into the trade outlook picture by some developments which have taken shape recently. One possible problem area relates to continued deficits in Nigeria's trade account in recent years. This has led to a drawdown of the country's holdings of foreign exchange.

Some late developments, however, point to alleviation of past trends. The reduced trade deficit for 1963 and prospects for higher export earnings this year are relevant in this context, as is the possibility of more rapid capital inflow from 1964 onward in the form of public foreign assistance for the 6-Year Plan and private foreign investment in industrial projects.

Negotiations for EEC association

Another significant event has been Nigeria's application for some form of trading arrangement with the European Common Market. Details of talks between the parties, which have been proceeding since last fall, have not been made public, and it is not clear what form of association, if any, may result.

Should Nigeria grant reciprocal tariff preferences on EEC imports, the effect would be to introduce tariff discrimination against U.S. products and goods from other supplying countries not directly a part of the EEC.

Nigerian imports of U.S. goods in 1963 rose sharply to $50.1 million from the 1962 figure of $41.9 million. According to Nigerian statistics, 1964 should hold considerable promise for continued expansion of U.S. sales in Nigeria.

The commodity composition of the market is likely to reflect the pattern of previous years, with machinery and transport equipment comprising the largest category of products traded, and wheat, unmanufactured tobacco, iron and steel pipe, made-up textiles other than clothing, petroleum products and chemicals also important items.

Nigerian purchases of U.S. wheat flour declined in 1963 in connection with the opening of a large flour mill near Lagos, but this loss was more than compensated by higher purchases of unmilled wheat. Imports of oilfield equipment and machinery from the U.S. increased, as petroleum exploration activity in the eastern and midwestern regions of Nigeria continued at an accelerated pace.

Record level for imports, exports

Principal Nigerian shipments to the U.S., amounting to $49 million in 1963, consisted of cocoa, rubber, tin, hides and skins, columbite and tantalite.

Figures just released by the Nigerian Federal Office of Statistics indicate that Nigeria's global imports for 1963 totalled $581 million—up slightly over the 1962 level of $568 million.

Nigerian exports, at the same time, reached an all-time high of $518 million as against $459 million in 1962. The country's deficit on trade account (including re-exports) was reduced by almost half, from $96 million in 1962 to $50 million in 1963.

Nigerian imports and exports for the first quarter of 1964 were both at record levels, and, if continued at the same rate, could result in imports for the year reaching between $620 and $645 million. Exports—depending greatly on movements of world prices for such commodities as cocoa, palm and peanut oil, rubber and tin—may go to $590 million or more.

Growing sales for U.S.

If these preliminary indicators prove accurate, the situation should mean new and growing sales opportunities in Nigeria for U.S. businessmen.

The investment climate in Nigeria remains good as efforts to attract private foreign capital participation in the country's development continue. There have been some indications of an increase in private capital flow into Nigeria in recent months.

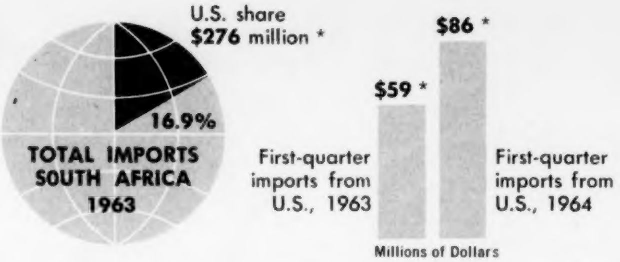
A development bank formed early this year to provide financial assistance to selected private investment projects should further enhance Nigeria's attractiveness to foreign investors.

South Africa

Steadily expanding economy provides bright market for sales of U.S. goods

By VICTOR FINGERHUT

Africa Division, BIC



The strong upswing which marked South Africa's economy throughout 1963 has continued through the first half of 1964, producing highly favorable conditions for a further expansion of U.S. exports to South Africa.

Barring unforeseen developments, U.S. exports in 1964 could surpass last year's sales by a substantial margin, spurred by South Africa's increasing industrial output; rising foreign trade volume; need for capital goods, and continued high levels of gold production to underwrite her large annual foreign trade deficit.

U.S. exports to South Africa in 1963 amounted to $276 million, an increase of $53 million over 1962. This rising trend was maintained in the first quarter of 1964, during which U.S. sales to South Africa amounted to $86 million, 45% above the $59 million in the corresponding period of 1963.

Trade with U.S.

The principal items of U.S. sales to South Africa have been industrial machinery and equipment; motor vehicles, components and accessories; construction, road-building and mining machinery; chemicals, and textile fibers and manufactures.

Major U.S. imports from the Republic, which amounted to $255 million in 1963, have been wool, a wide variety of metals and metallic ores, diamonds and fish products.

At the present time, there are opportunities for significantly increased U.S. sales of both producer and consumer goods. Increased capital goods imports have been required to feed South Africa's concerted industrial development program. Upsurges in consumer income and expenditure have combined with some relaxation of import quotas to produce favorable market conditions in the consumer-goods area.

In producer goods, particularly promising markets exist in textile machinery; business and scientific equipment, including office machines; machinery for the furniture industy; food canning, freezing and refrigeration machinery and equipment; laundry and dry-cleaning equipment, and machinery for the printing, pulp and paper industries. Continued high demand for U.S. road-building, construction and excavating machinery also is anticipated.

In consumer goods sales prospects appear bright for household electrical appliances; furniture and lampware; all types of motor vehicle accessories and gadgetry; paper products, including books and stationery, and selected textile manufactures.

Marketing factors

South Africa's distance from most overseas sources of supply means that manufacturers and retailers must maintain sizeable inventories. Cognizant of this factor, a growing number of European suppliers have been offering 90-day credit or better, in contrast to many U.S. firms which continue to rely on sight letters of credit.

In view of the good credit record many South African businesses have established, U.S. exporters should consider extending better credit terms to customers in the Republic.

Exporters should also take advantage of the great variety of advertising facilities available in South Africa. Further, while English remains the accepted language of commerce, the fact that a sizeable portion of the population regards Afrikaans as its first language should not be overlooked in trade promotional efforts.

Foreign trade

South Africa's current economic upswing has been accompanied by substantially expanded imports. South Africa's 1963 imports amounted to $1,814 million, an increase of about 27% over the $1,430 million in 1962. This strong upward trend continued into the first quarter of 1964, according to the most recent South African statistics on international trade.

Similarly, South Africa's foreign merchandise sales have shown an upward movement since the start of the recent economic boom, but one of considerably less magnitude. Exports increased moderately from $1,355 million in 1962 to $1,386 million in 1963, according to South African figures.

The sizeable foreign trade merchandise deficits in recent years have been more than covered by the Republic's gold output, which totaled a record $963 million in 1963. South Africa's total gold and foreign exchange holdings stood at a healthy $708 million on March 31.

During 1963 the United Kingdom was South Africa's leading supplier with 30% of the market, followed by the U.S. (17%), with West Germany in third place (10%).

Most economic indicators point to the maintenance of South Africa's economic boom thoughout 1964. Levels of industrial production remain high, consumer income and expenditure continue to move upward, and foreign and domestic investment levels have shown no signs of abatement.

Solid underpinning

Many observers believe that the sizeable basic developmental projects currently underway, as well as the large amount of planned residential and industrial construction, should provide a solid underpinning for continuation of the present economic advance in the foreseeable future.

The major internal economic factor threatening to blunt the thrust of the economic advance is the shortage of skilled and semi-skilled labor, particularly in the building and construction industries.

In recent months, the Government has been ready to apply the brakes to the economy, in the event a resultant cost inflation develops. However, levels of industrial production have continued to rise, while price levels were holding remarkably firm.

Barring developments which might have unfavorable effects in the commercial sphere, the expected continuation of the economic advance should maintain South Africa's overall imports, as well as demand for many internationally-competitive U.S. products, at high levels. If U.S. sales efforts are aggressive and imaginative, the outlook for increased business in the South African market is bright.

U.S. SHARE OF IMPORTS INTO SELECTED COUNTRIES

Country	1962 Imports			1963 Imports January through latest month			
	From world (millions of dollars)	From U.S. (millions of dollars)	U.S. share %	Latest month	From world (millions of dollars)	From U.S. (millions of dollars)	U.S. share %
Netherlands Antilles	872	86	9.8	Sept.	636	60	9.4
Ireland	766	58	7.6	Dec.	858	51	6.0
Portugal	585	52	8.9	Dec.	651	58	8.9
Rhodesia and Nyasaland, Fed.	451	25	5.6	Dec.	426	27	6.4
Iraq	361	42	11.6	July	180	22	12.0
Trinidad and Tobago	353	44	12.6	Dec.	375	60	15.9
Ceylon	349	10	2.8	Dec.	315	12	3.8
Kuwait[1]	285	61	21.2	(2)	(2)	(2)	(2)
Viet-Nam, Rep.	265	97	36.7	Nov.	260	98	37.5
Sudan	261	14	5.4	Dec.	280	15	5.3
Saudi Arabia	[3]257	[3]51	[3]19.7	June	[3]308	(2)	(2)
Syria	241	30	12.3	Dec.	244	14	5.9
Aden	240	3	1.4	Aug.	181	4	2.0
Uruguay	230	44	19.0	Dec.	177	27	15.4
Jamaica	223	62	27.9	Dec.	226	68	30.0
Burma	219	10	4.4	Dec.	[4]231	14	6.2
Tunisia	216	35	15.0	Dec.	222	24	11.0
Libya	206	40	19.4	Dec.	239	48	20.0
Senegal	155	6	3.9	June	82	3	3.6
Ivory Coast	147	7	4.5	Dec.	170	8	4.8
Angola	136	12	8.9	Dec.	146	15	10.1
Mozambique	136	7	4.9	Dec.	143	9	6.0
Cyprus	129	9	7.2	Dec.	135	6	4.2
Jordan	125	17	13.6	Dec.	142	20	13.7
Malagasy Rep.	122	3	2.4	Dec.	128	4	3.4
Ethiopia	103	19	18.1	Dec.	111	(2)	(2)
Cameroon[5]	102	6	5.6	Dec.	108	5	4.9
Cambodia	102	16	15.5	Nov.	98	11	11.1
Bolivia	98	(2)	(2)	Dec.	104	50	47.7
Ecuador	96	44	45.6	June	59	27	46.1
Iceland	89	13	14.0	Dec.	110	13	12.0
Sierra Leone	85	4	5.1	Sept.	59	3	5.0
Malta	80	1	1.9	Sept.	60	1	1.5
Bahamas	69	38	55.1	(2)	(2)	(2)	(2)
Congo Rep. (Brazzaville)	68	3	3.8	Nov.	60	6	10.0
British Guiana	[6]67	[6]16	[6]23.0	(2)	(2)	(2)	(2)
Guinea	66	7	11.2	(2)	(2)	(2)	(2)
Mauritius	65	2	2.5	Dec.	68	2	2.8
Reunion	63	(7)	0.8	Oct.	56	(7)	0.6
Bermuda	57	27	47.0	Dec.	55	26	47.0
Guadeloupe	57	3	4.7	Oct.	57	3	5.8
Martinique	57	2	4.1	Oct.	60	3	4.8
Surinam	55	17	31.8	Dec.	58	(2)	(2)
Barbados	52	7	14.4	Dec.	58	8	13.2

Note: To present comparable statistics for all countries, import data have been adjusted from f.o.b. to c.i.f. for the following: Ecuador, Netherlands Antilles, and Federation of Rhodesia and Nyasaland.

[1] Excludes oil company imports. [2] Not available. [3] Fiscal year ending June. [4] Port of Rangoon only.
[5] Data refer to trade of East Cameroon only. [6] January-November. [7] Less than $500,000.

Sources: Official trade statistics of listed countries. International Monetary Fund.

$20 million Eximbank credit given Italian firm

A $20 million Export-Import Bank credit has been extended to Istituto Mobiliare Italiano (IMI) for the benefit of Fiat, S.p.A. (Fabrica Italiano Automobili Torino) of Italy.

Proceeds of the loan will be used by Fiat in financing purchases of U.S. equipment and services required for its automobile manufacturing facilities at Turin. Fiat is the second largest automobile manufacturer in Europe and also produces a wide variety of products ranging from jet aircraft to light consumer goods.

Fiat has been the beneficiary of 4 previous Eximbank loans totalling approximately $26.3 million for financing purchases of U.S. equipment for automobile production.

With the proceeds of the current $20 million loan Fiat expects to purchase approximately 200 items of special equipment from about 50 U.S. suppliers. These purchases will include automatic grinders, lathes, cutting machines, precision boring machines, and presses.

The loan is repayable over a period of 5 years commencing in 1966.

Austria shows interest in buying U.S. beef

Austria is interested in the immediate purchase of approximately 1,000 tons of canners, cutters and comparable grades of frozen U.S. beef.

The demand results from an anticipated shortage of beef during the next few years. The meat should be boned and prices quoted c.i.f. European ports.

Offers should be submitted as soon as possible to Dr. Otto Eckstein, Director, Oesterreichische Viehverwertungs G.m.b.H., St. Marx, Vienna III, Austria.

Amendments to Jordan's investment laws rescinded

The Jordanian Parliament has refused to enact Laws No. 33 and 34 of 1963, amending Jordan's investment laws.

These amending laws had been unilaterally promulgated by the Council of Ministers on Oct. 27, 1963, subject to Parliament's approval.

The investment laws which are now applicable in Jordan are the Law for the Encouragement and Guidance of Industry (Law No. 27 of 1955) and the Law for the Encouragement of Foreign Capital Investment (Law No. 28 of 1955).

FIELDING A TOUGH ONE: Comments from export leaders, insurance experts and bankers were uninhibited at recent meeting with government officials. Discussing one of the problems is Harold F. Linder (left), president and board chairman of the Export-Import Bank. With him are (left to right) Secretary of Commerce Hodges, National Export Expansion Coordinator Goldy, and Secretary of the Treasury Dillon. The meeting was an all-day affair.

ON FINANCING PROBLEMS

Suggestion box overflows

Bankers, manufacturers, government officials confer on proposed steps

"What are we willing to do, to get the exports?"

This question—phrased by Daniel L. Goldy at a June 24 all-day meeting in Washington—was looked at from many sides by credit and insurance experts who responded to the Government's call for suggestions.

Goldy, National Export Expansion Coordinator, chaired the meeting at which more than 30 businessmen worked with representatives of the Cabinet Committee on Export Expansion, the Export-Import Bank, the Agency for International Development and the Foreign Credit Insurance Association.

After the meeting in the Commerce Department building, Secretary of Commerce Luther H. Hodges announced that recommendations made by exporters, bankers and other business executives at the meeting would be made the basis for a thoroughgoing study by the Cabinet Committee. This review of Government policy in the export-financing field is to be completed as promptly as possible.

Leading issues aired by the meeting included:

► Financing difficulties encountered by U.S. exporters.

► Steps which might be taken to expand the role of private commercial banks in export financing.

► Adequacy of present government procedures for financing a rising level of exports.

► Arrangements for financing construction and engineering contracts.

Participants

Among Government officials on hand were Secretary Hodges; Treasury Secretary Douglas Dillon; Harold F. Linder, president and board chairman of the Export-Import Bank; Henry Kuss, Deputy Assistant Secretary of Defense; AID Administrator David E. Bell, and Goldy. The FCIA was represented by its president, Henry G. Sheehy.

With them to go over the intricacies of the subject were officials of major private commercial banks in the export-financing field and manufacturing companies with important overseas markets.

Contributing to some of the detailed discussions were Orville E. Melby, treasurer, Boeing Co.; Louis Berger, Louis Berger & Associates; John W. Porter, executive vice president, General Railway Signal Co.; James Bush, president, Northwest International Bank; Ad Auriema, president, Ad Auriema, Inc.; C. R. Carlson, senior vice president, John Deere & Co.; Alfred Von Klemperer, vice president, Morgan Guaranty Trust Co.; Francis X. Scafuro, vice president, Bank of America International; and Kenneth Spang, vice president, First National City Bank.

Many of the executives maintained that the United States could expand exports and improve its balance of payments if governmental finance, insurance and loan guarantees were issued more promptly and effectively to meet the competition.

Holding that the United States has not maintained its competitive position on export financing as compared with other developed countries, some conferees said that policies should be revised because conditions have changed since the present export financing arrangements were worked out.

In coffee country, Carolina cuff links

By Neil C. Hurley, Jr.

Chairman, National Export Expansion Council

BOGOTA, COLOMBIA—The room is as big as a basketball court, panelled in wood and with inlaid flooring. The desk looks like the defensive line of the Chicago Bears. The ceiling is white as an angel's soul, tinted with gold leaf, from which hang 6 massive chandeliers that appear like a Harry Winston dream.

Outside, in handsome uniforms, guards stand like statuary as a visitor walks the corridor to visit with President Guillermo Leon Valencia. Once inside, there are comfortable velvet chairs, yellow and gold, covered with petit-point craftsmanship.

Valencia is no amateur at the quick quip. He has a wide face, punctuated with an up-and-down moustache, more vertical than horizontal, and a compulsion for wearing light-blue shirts. This day there were 8 Americans with him. He was the only Colombian.

When told President Johnson had come out strongly in favor of women in government—or for that matter, anywhere else—and that the United States expected women would play effective roles in holding the economy in line, he grinnned like a range of Andes. "Women keep prices down, but they never stop inflation by voting to lower their husband's paycheck."

"In Colombia," he continued, "women have exerted an important moderate influence in politics." Someone in the group added, "Their greatest strength still is man's imagination."

President Valencia is 55, old enough to remember when one could light a cigarette from either end. He believes the Latin American Free Trade Association is in rough seas. "It is difficult, since most of our industries develop under tariff protection. Colombia has high costs because of a lack of modern equipment and higher labor costs than other nations in Central and South America. Perhaps, however, under LAFTA we might rationalize production."

Valencia is concerned over spiraling wages, declaring it impossible to convince workers that increases cause inflation.

This is coffee country. The economy revolves around the type of weather that grows the beans and markets that buy them. "Without adequate prices for coffee, anything else is like giving a man dying of malnutrition an aspirin," he said.

Once the President rolled up his sleeve to show two cuff links given him during a U.S. visit to Secretary Luther Hodges. "These are made from the clay of North Carolina," he explained.

"They came from old red land not considered desirable. But the old red land, under the prodding of your Secretary of Commerce when he was Governor of the State, whirled North Carolina into the biggest brickmaker in the land. One must take advantage of every resource available.

"Unfortunately, in Colombia, we have only a little earth and a very big deficit."

Valencia believes a poor way to encourage foreign investment is to offer every possible incentive to attract capital, and then, when it appears, to tax, burden and coerce. In Colombia, Valencia declares, the nation guarantees inducements will be maintained throughout the investment period.

Later that night, one walks the brick promenade in front of the Hotel Tequendana, in the shadow of tall, modern skyscrapers, past smart shops and handsome people. But it is only a block or two to poverty. Guillermo Leon Valencia still has his work to do.

Missionary zeal marks 10th area Toledo seminar

Chamber of Commerce holds annual world trade event

Attracting export-minded businessmen from Ohio and neighboring states, the Toledo Area Chamber of Commerce presented a concentrated package of international-trade information at its 10th World Trade Seminar.

A need for missionary zeal which could alert more American firms to overseas opportunities was cited by J. I. Simpson of the Toledo Trust Co.'s international trade department, who presided over the day-long meeting June 25 in the Continental Inn East.

"What," he asked, "has happened to the hardheaded American businessman? He's out on the road trying to sell to 190 million Americans who are probably familiar with his product. . . ."

Choosy buyers

One evidence of the great possibilities abroad, Simpson noted, is the fact that Nigerian consumers "want only the origial American thermos vacuum flask," in preference to cheaper varieties available in their stores. "This shows," he said, "that even in low income countries quality and prestige are important factors."

Keynoter Louis C. Purdey, executive director of the Toledo-Lucas County Port Authority, fresh from an extended European trade mission, warned that "the most certain road to international trouble is to look at foreign trade as a dumping ground for surplus."

He said America's outstanding overseas sales record in machine tools, aircraft, construction equipment and cotton could be matched by similar accomplishments in sales of consumer goods.

"Help is readily available," Purdey emphasized. "Commerce Department field offices, mother-hen companies, customs brokers, freight forwarders, airlines, insurance companies, international departments of banks, steamship agents, commercial attaches of foreign embassies and consulates, chambers of commerce overseas . . . and perhaps 10,000 extremely sharp merchandisers over there who are looking for an American manufacturer to represent. . . ."

Taiwan receives 2 AID loans for hydroproject, thermal plant

Loans totaling $35.9 million replace earlier authorization after 11-man study group recommends revised investment plan

Two Agency for International Development loans using $35.9 million from a loan originally set aside for a large hydroelectric project will be extended for a smaller hydroelectric power plant and a large thermal plant in Taiwan.

The new program involves 2 loans—$26.7 million for a 300,000-kw. thermal plant at Linkou on the northeast coast of Taiwan and $9.2 million for a 180,000-kw. hydroelectric plant downstream from the original project.

Both loans are made to Taiwan Power Co. (Taipower), a largely government-owned enterprise.

The original plan included a $40 million loan signed in 1961 with the Development Loan Fund. It proposed generation of 360,000-kw. of power capacity in turbines. Certain geological and financial questions led the AID Mission in Taiwan to suggest consideration of alternative power generation plans.

11-man study group

Last August, an 11-man group of power experts submitted detailed recommendations based on their on-the-spot reveiw of the entire power situation in Taiwan. The revised investment schedule is based upon that report.

The new plants will increase power availability in Taiwan by more than 30%. The steam facility will go into operation in 1967 and the hydro plant a year later.

All equipment and services procured with the AID loan funds will come from the U.S.

Total foreign and local costs for both these facilities has been estimated at $88 million, compared with more than $100 million for the original project.

Sources of financing

In addition to the dollar loans from AID, another $17 million equivalent in aid-generated local currency will be loaned for the projects—$6 million for the thermal and $11 million for the hydro.

Taipower will provide more than $29 million in foreign and local currency from its own resources. Deferred credits for almost $6 million will be sought on a worldwide competitive basis for the permanent electrical and mechanical equipment to be installed in the hydro plant.

Loan terms are the same as those agreed to for the original power loan: repayment of principal over 30 years in local currency with a maintenance of value provision guaranteed by the Government of the Republic of China. The local currency will help save the U.S. the necessity of converting dollars for its expenses in Taiwan.

Hearing postponed

The Tariff Commission has postponed a hearing on carbon steel bars, bar shapes under 3 inches, and structural shapes 3 inches and over, manufactured by Western Canada Steel Ltd., and/or its subsidiary, the Vancouver Rolling Mills Ltd. of Canada from July 14 to July 27.

Niger to construct bridge with AID loan

The Agency for International Development will help finance construction of a bridge in Niger, connecting the capital city of Niamey to the western bank of the Niger River.

The AID loan of $1.8 million will finance all of the U.S. procurement, estimated at about $1.5 million, and part of the local costs. Total cost of the project is estimated at $2 million.

Principal repayment will be over a 40-year period including a 10-year grace period. The loan is to be repaid in U.S. dollars.

British firm denied U.S. export privileges

All U.S. export privileges have been denied indefinitely to Ron Jacques Radiovision Ltd., of Rushden, Northants, England, and its managing director, Ron Jacques.

The order issued by the Bureau of International Commerce (BIC), was based on failure to furnish requested information after investigation had developed strong circumstantial evidence that U.S. export regulations were violated by the respondents in the course of purchasing and reselling strategic U.S. electronic equipment.

Specifically, the information indicated that the equipment had been re-exported from the United Kingdom without the required BIC permission.

The denial order, effective June 16, will continue in force until the respondents supply the requested information concerning their disposition of the electronic equipment.

While the order is in effect, Jacques and his firm are barred from participating, directly or indirectly, in transactions involving commodities or technical data exported from the U.S.

All outstanding validated U.S. export licenses in which they have an interest are cancelled as well. The order also forbids others from participating in U.S. export transactions involving the respondents.

Indian Government gets Eximbank authorization

The Export-Import Bank has authorized a $25 million line of credit to the Indian Government.

Proceeds of the credit will be used to finance purchases of U.S. capital equipment and services required by public or private entities engaged in development programs and projects in the country.

Three previous credits, totalling $225 million, for similar purposes have been authorized by Eximbank. These earlier credits also financed capital goods such as mining and construction equipment, earth moving and transportation equipment, industrial machinery for the textile, chemical, aluminum, and automobile industries and communications equipment.

The current $25 million Eximbank loan is repayable over a 12-year period, beginning in 1967.

Report on construction in Nigeria cites opportunities for investors

Limited supply of 149-page study available upon request; prepared under AID's technical assistance program

Four investment opportunities in the construction field are discussed in a report **Manufacturing Opportunities for Construction Products in Nigeria** prepared by Arthur D. Little, Inc., for the Federal Government of Nigeria as part of a program of technical assistance sponsored by the Agency for International Development.

The report points out that building and construction work of all types represents one of the principal economic activities in Nigeria.

Except for prestigious structures, buildings are constructed of sandcrete block with on-grade concrete slab floors and corrugated asbestos cement or metal roofs supported by wood or metal truss framing. If buildings rise higher than 2 stories, reinforced concrete frames normally are used.

The 4 specific investment opportunities cited for consideration by private investors follow.

Lime

Lime production based on the deposit at Yandev, in Benue Province, Northern Region, offers a reasonably good potential because new road construction represents the largest single element of construction envisioned in Nigeria's Six Year Plan and will require about 17,500 tons of lime a year.

A 17,000 ton-per-year plant would require a total investment of about $560,000, and it is estimated it could provide approximately a 12% return on investment, with a payout period of about 6 years.

Welded pipe

A small, self-contained efficient plant at Port Harcourt, Eastern Region, producing small-diameter plain and galvanized steel pipe merits consideration. Demand for seam-welded steel pipe is met entirely by imports. From a Port Harcourt location, pipe shipments can compete with imports to practically all parts of Nigeria except the Lagos area.

If a favorable steel price can be negotiated and maintained, the plant would have excellent prospects of profits, while serving the present market for pipe.

On the basis of a reasonable raw material price of 5 cents a pound and a 1-shift operation, a 3,000-ton plant would require a total investment of about $623,400 and would provide an approximate 30% return on investment, with a payout period of about 3 years.

Crushed aggregate

Maintenance and construction of roads and buildings in the Northern Region will require an estimated 100,000 long tons per year of crushed aggregate for the next few years. A Northern Region plant large enough to serve one-third of this market would require only a small amount of working capital and a total investment of about $150,360. To minimize shipping costs, the plant should be portable.

Based on the prices now quoted by contractors in the Northern Region, a plant of this size should have annual sales of $196,000. This would yield an approximate 19% return on investment and 3-year payout.

It would appear that such a plant, employing a combination of truck haulage to Kaduna or Zaria and rail haulage to distant points such as Minna and Kano, would present an attractive investment opportunity.

Precast concrete products

For the remainder of the Six Year Plan, the total value of block required for construction in the Eastern Region will be about $185,000 a year. This represents about 1,150,000 blocks, of which about 40% will be used in the Port Harcourt region.

A new efficient plant, offering an improved concrete block in contrast to sandcrete presently used at competitive prices, is capable of capturing 70% of the Port Harcourt market, or about 300,000 units a year. A plant with a single small block-making machine would cost about $16,800 and could turn out almost 1 million blocks per year if desired.

A working capital requirement of $30,200 is estimated. At a selling price of 14 cents a block, the plant should yield a return on investment of about 27%. The payout time would range from 3 to 3½ years, depending on how the depreciation allowance is applied.

Report available to firms

Firms actively engaged in the industries described or in allied industries who are interested in investment may obtain a copy of this 149-page report from the very limited supply available by addressing a request under their letterhead to Economic Development Section, Arthur D. Little Inc., Acorn Park, Cambridge, Mass., 02140.

Panama manufacturer wants cattle raising assistance

A large, well-established Panamanian soap manufacturer, with extensive land holdings devoted primarily to raising oil bearing trees and plants, seeks a joint venture with an experienced U.S. investor to develop approximately 7,500 acres of rain forest into a cattle range.

This would be a long-range investment totaling about $1 million over several years and would call for a U.S. investor with considerable experience and know-how in large scale cattle raising.

Small-scale experiments indicate that grass, including "pangola" with a 15% protein content, grows well on the 7,500-acre tract. The entire 15,000 acre holding of the company is bordered by two large rivers and the Atlantic Ocean with a somewhat smaller river running through the center.

Average yearly rainfall is about 180 inches. Unlike the severe dry season of Panama's central provinces, a short dry season of less than 3 months with usually heavy dew is claimed for this area. Accessability to the area is good. It is less than 25 miles by a good gravel road from the Port of Cristobal and about 70 miles from Panama City.

Firms wanting information and contact with the Panamanian company write: Bureau of International Commerce, Office of International Investment, File 2-0139-2-B, Department of Commerce, Washington, D.C., 20230.

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UAR, Libya plan link for tropospheric TV network; invite bids

The UAR Radio Communications Administration and the Libyan Ministry of Communications have invited tenders for the supply and installation of a tropospheric telecommunications network link between Alexandria, Marsa Matruh-Tobruk/Derna (Libya).

Tenders will be negotiated separately by each country. However, only those bids providing for installation in both countries will be considered. Each bid should include a description of supplies and materials to be used in the entire network.

The UAR tenders should refer to tender No. 55/63 P. Radio and be addressed to the Telecommunications Organization Radio Communications Administration, Opera Exchange Bldg., P.O. Box 795, Cairo.

The Libyan tenders should be addressed to the President of Tender Board Ministry of Finance, Tripoli.

Bid deadline for both tenders is Sept. 1. Tenders may be submitted in English.

The system shall have initial capabilities of 11 telephone channels and 6 to 12 telegraph channels between Alexandria-Marsa Matruh and Alexandria-Derna/Tobruk, respectively. Ultimately the net shall be expanded as follows:

Alexandria-Marsa Matruh, 60 telephone channels; Marsa-Matruh-Derna, 24 telephone channels; Marsa Matruh-Tobruk, 24 telephone channels; Derna-Tobruk, 300 telephone channels. The Derna-Tobruk link only will be microwave line of sight.

Each scatter station shall consist of 2 transmitters, 2 parabolic antennas and 4 receivers arranged for frequency and space diversity reception and necessary filters. FM is specified. Multiplex equipment for each station should meet latest CCITT requirements.

Copies of the tender requests may be obtained from the respective communications authorities. Tender requests will be supplied by Libya at a cost of L£50 ($140.00) each.

Copies are also available to firms located in the U.S. on a short loan basis from the Electronics Division, BDSA-308, Rm. 4117, Department of Commerce, Washington, D.C. 20030. Telephone: 202-967-4036. Respondents are reminded of the UAR boycott of Israel.

Guatemala changes deadline for airport terminal building

The Direccion General de Aeronautica Civil of the Guatemalan Government has extended the bid deadline on tender No. 18-64 to 9 a.m. July 15 for bidding on the construction of "La Aurora" Airport Terminal Building in Guatemala City. (INTERNATIONAL COMMERCE, 5/18, p. 27).

A set of specifications (2 volumes in Spanish) is available for review in the Building Materials & Construction Industries Division, BDSA-306, Rm. 4012, Department of Commerce, Washington, D.C. 20230. Telephone: 202-WO 7-3601.

Materials, services needed for Pakistan projects

Dacca and Chittagong Water Supply & Sewerage Authorities, 6/4 Segun Bagicha, Dacca, Pakistan, invite bids for supply of materials and services for water and sewerage projects.

Bid deadline is Oct. 15.

Bidding and contracting documents in English are available from Parsons Corp., 617 West 7th St., Los Angeles, Cal., from the Embassy of Pakistan, Washington, D.C., or direct from the Dacca Water Supply & Sewerage Authority on non-refundable payment of Rs. 1,000 ($210.00).

A list of prospective bidders obtaining bid documents will be available for the information of equipment manufacturers and may be obtained after July 15 from the Parsons Corp. or from the Dacca Water Supply & Sewerage Authority.

Tender Notice may be seen in the Water Industries & Engineering Division, BDSA-314, Rm. 4111, Department of Commerce, Washington, D.C. 20230. Telephone: 202-WO 7-4346.

British firm seeks agency for electric, scientific goods

A manufacturing and exporting firm in England, Rank-Bush Murphy Ltd., Welwyn Garden City, Hertfordshire, is interested in an agency for United Kingdom, European and Commonwealth countries for electric, electronic, and scientific equipment of the following types:

Military, civil, airborne, marine and land telecommunications system; navigational aids; X-ray and electromedical equipment; and nucleonic equipment.

A sample list of products now manufactured by Rank-Bush, indicating items which they would like to import, is available from the Trade Opportunities Staff, BDSA-111, Rm. 4203, Department of Commerce, Washington, D.C. 20230. Telephone: 202-WO 7-4675.

Iraq invites tenders on hydroelectric project

The Directorate General of Industrial Design & Construction, Ministry of Industry, Iraq, requests tenders from qualified firms for the supply, delivery and erection of a power-house with three 28 MW generating units downstream to existing Samarra Barrage and a 132/33/11 kv substation and housing facilities. Bids for contract No. 1/5/19 close October 17.

The work is to be divided into two lots. Lot A is for all civil engineering works related to the power plant, substation and housing facilities. Lot B is for all hydro-mechanical and electrical equipment for the power station and substation, complete with auxiliary facilities. Tenders can be submitted for both Lot A and B or separately for each lot.

Tenders may be inspected free of charge or purchased for $140 (non-refundable) at the Republic of Iraq Embassy, 1801 P St. NW., Washington, D.C. Telephone: 202-483-7500.

Bahrain issues tender for drugs, supplies for veterinarians

A tender for drugs and pharmaceutical supplies for veterinary purposes has been issued by the Department of Agriculture, Government of Bahrain. The bid deadline was not indicated.

All bids must be submittd through a Bahraini drug store. Among those interested in receiving price quotations, in order that it can participate in this tender, is the Bahrain Pharmacy, P.O. Box 56, Manama, Bahrain Island, Arabian Gulf.

Some of the veterinary medicinals listed are 96 items of biological and pharmaceutical medicines, such as several combinations of calcium boroglunate solution, from 75 to 100 bottles of 400 cc. each; staph. toxoid vaccine; tetanus antitoxin veterinary, rondase, duphasol, dohyfral and duphafral, dextrose solution 50%, 24 x 500 cc. bottles; penicillin streptomycin combination, 50 x 100 cc. and 500 x 10 cc. vials; oral sulfa solution 12.2%, injectable vitamin "E"; aureomycin solu. powder, Sulmet drinking water solution 12.5% and sulphadimidine injectable solution.

Other items are terramycin poultry formula, Newcastle bronchitis vaccine; fowl pox vaccine; dimycin, seclomycin and streptomycin sulphate.

The tender also includes a list of medicines required for a veterinary hospital, including chloroform, cocaine hydrochloride, cod liver oil, hydrogen peroxide, oleum eucalyptus, liniment bella donna, quinine sulfate, sodium bicarbonate, sulphanilamide powder, sulphaguanadine tablets (3,000) and oleum liniment. Quantities of these items vary from 5 and 10 pounds to 80 and 100 pounds.

Surgical items needed are: sutures, bandages, gauze, absorbent cotton, various sizes of twisted silk and nylon.

It is suggested that firms interested in this tender communicate with either the Bahrain Pharmacy, or any other reliable pharmacy in Bahrain.

A complete list of the items included are available on a loan basis from the Chemical and Allied Products Division, BDSA-301, Department of Commerce, Rm. 4421, Washington, D.C., 20230. Telephone: 202-WO 7-3394.

Water supply scheme to be extended in Iraq; bids asked

The Directorate General of Planning & Design, Office of the Ministry of Municipal & Rural Affairs, Baghdad, has issued tender No. 21 for extension of the existing Kirkuk Water Supply Scheme.

Bid deadline is Aug. 4.

Terms and specifications may be obtained from the Directorate General on payment of ID 9 ($25.20) per copy, plus air mailing charges, or may be reviewed in the Water Industries & Engineering Services Division, BDSA-314, Rm. 4111, Department of Commerce, Washington, D.C. 20230. Telephone: 202-WO 7-4346.

The firms and individuals in the following lists are interested in trade relations with U.S. businessmen. The commodities in which they have expressed interest are indicated by the numbers preceding the commodity classifications. These numbers refer to the Standard Industrial Classification (SIC) Manual, which is available for $2.50 a copy from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

Every effort is made to include only firms or individuals with good reputations. However, the Department of Commerce cannot be responsible for negotiations resulting from these contacts.

The listing in INTERNATIONAL COMMERCE of opportunities to trade in specific commodities and technical data does not necessarily imply approval of their export by the U.S. Department of Commerce pursuant to the U.S. Export Control Act. For applicable export licensing regulations and policies, see the Comprehensive Export Schedule or consult the Bureau of International Commerce's Office of Export Control or any Department of Commerce Field Office.

● indicates that the trade opportunity represents a request for bids by a foreign government agency. A (★) following indicates that additional information may be borrowed by U.S. firms in this country from BDSA; telephone numbers indicated. To avoid delay, requests for loan material should include country and commodity.

★★ indicates opportunities obtained by U.S. trade missions to other countries. A (★) following these indicates that additional information may be obtained by writing Commodity Export Promotion Staff, BDSA-111, Department of Commerce. The I.R. (interview report) number is requested in correspondence. NCIA following indicates no commercial information available.

WTD indicates that a World Trade Directory report is available on the foreign firm for which the trade opportunity is listed. These reports, indicating type of organization, sales territory, size of business, sales volume, trade and financial reputation, and other factors, are available for $1 each from the Commercial Intelligence Division, Bureau of International Commerce (BIC), Department of Commerce, Rm. 6059 B. Telephone: 202-WO 7-4203. The date following the letters WTD refers to the date of issuance of the report.

Leads for Exporters

Listed below are companies interested in buying U.S. products. Direct purchases are wanted unless otherwise indicated. Approximate foreign tariff rates and customs applicable to the products listed below may be obtained from the Department of Commerce or the Department of Commerce field offices.

011 Field Crop Farms

FRANCE—Raw materials for manufacturing cattle feedstuffs. S.A. Jean Guyomarc'h (manufacturer, importer, dealer), Rue Alexis Leguillon, Vannes (Morbihan). WTD 5/28/64.

012 Fruit, Vegetable Farms

GERMANY—Apples, pears, fresh, dry; cif European ports. Grelinger & Co. GmbH (importer, wholesaler, commission merchant), Grossmarkthalle, 5 Koeln. WTD 5/14/64.

019 Commercial Farms

NORWAY—Grass seed: poatratensis, festuca pratensis, festuca rubra, festuca ovina, lolium perenne, agrostis tenuis, trifolium repens. Halvdan Nielsen A/S (importing wholesaler), 8 Ryensvingen, Manglerud, Oslo. WTD 6/2/64.

200 Food Products

ENGLAND—Quick frozen foods, all kinds. Premier Farm Products Ltd. (wholesaler, sales agents), Wiggenhall Rd., Watford, Hertfordshire. WTD 6/11/64.

GERMANY—Canned fruits, vegetables, sea foods, poultry, fruit juices; all kinds. Requests replies from manufacturers only, quotations cif European ports. Gedelfi-Import GmbH (importer, exporter, commission agent), 2 Barbarossaplatz, 5 Koeln. WTD 5/15/64.

NIGERIA—Smoked, dried fish; cheese, dairy products, all types. Eastern Niger Cold Storage (wholesaler, retailer), 13 Harbour Rd., P.O. Box 138, Port Harcourt. WTD 2/7/64. (Nader Bros.)

SPAIN—Canned fish, fruits, vegetables, meats, juices; other foods. Direct purchase and agency. José Manuel Sánchez Jiménez (importer, agent, wholesaler), Alcalde L. Casero 4, Madrid 17. WTD 5/27/64.

201 Meat Products

FRANCE—Beef, pork, offals, importer, dealer requests replies in French. Direct purchase and agency. Intercontinentale des Viandes, 29 Rue J. J. Rousseau, Paris 1er.

NIGERIA—Frozen beef, ham, poultry; bacon, sausage, luncheon meats. Eastern Niger Cold Storage (wholesaler, retailer), 13 Harbour Rd., P.O. Box 138, Port Harcourt. WTD 2/7/64 (Nader Bros.).

202 Dairy Products

PAKISTAN—Dry milk. A. A. Ansari & Co., Sh. Inayatullah Bldg., Anarkali, Lahore. WTD 5/28/64.

203 Canning, Preserving Foods

GERMANY—Almond nuts, loose or canned. Requests replies from manufacturers only, quotations cif European ports. Gedelfi-Import GmbH (importer, exporter, commission agent), 2 Barbarossaplatz, 5 Koeln. WTD 5/15/64.

204 Grain Mill Products

FRANCE—Oil cakes for cattle feeding. Cooperative AGricole d'Angenis, "La Noëlle" (manufacturer, importer, dealer), Ancenis (Loire Atlantique). WTD 5/28/64.

SPAIN—Feed for livestock. Direct purchase and agency. José Manuel Sánchez Jiménez (importer, agent, wholesaler), Alcalde L. Casero 4, Madrid 17. WTD 5/27/64.

209 Food Preparation

PAKISTAN—Cotton seed, soya bean (ORSB); oils. The Punjab Vegetable Ghee & General Mills Ltd., 23 The Mall, Lahore. WTD 4/29/64.

211 Cigarettes

PAKISTAN—All kinds of cigarettes, filter, plain, king size, regular. Direct purchase and agency. S. Mohammad Ilyas & Sons Ltd., The Mall, Lahore. WTD 6/10/64.

220 Textile Mill Products

ENGLAND—Textiles, particularly novelty or unusual cloths, suitable for manufacturing bridal, cocktail, evening wear, medium price. S & S Ellis Ltd. (manufacturers), 29/31a Commercial Rd., London, E.1. WTD 6/8/64.

221 Broad Woven Fabric Mills, Cotton

BELGIUM—Cotton, mixed wipers, also cotton thread waster for wiping purposes. Etablissements J. C. Ceulemans, 46 Brialmontlei, Antwerp. WTD 6/23/63.

THAILAND—Towels, cotton, linen mixtures. Direct purchase and agency. A & F Motiwalla (importer, wholesaler, manufacturer's representative), 316 Phahurat Rd., Bangkok.

222 Broad Woven Fafric Mills, Manmade Fiber, Silk

ENGLAND—Novelty dress fabrics, chiefly of man-made fibers but also of silk, cotton, wool. Schwarzschild Ochs Ltd. (exporters, importers, wholesalers), Walmar House, 296 Regent St., London, W.1. WTD 6/8/64.

Piece goods in cotton, nylon, other synthetic yarns for manufacturing women's wear. Samuels, Son & Co. Ltd. (importers, wholesalers), Samuella House, 135/7 Whitechapel Rd., London, E.1. WTD 6/8/64.

FRANCE—Rayon staple fabrics, plain, printed, width 80 and 90 cm. Direct purchase and agency. Georges Valat & Cie (importer, dealer), 18 Rue de la Grange-Batelière, Paris 9e.

GERMANY—Teflon coated fiberglass fabrics. Requests replies in German, quotations cif German port. Frankenjura-Industrie GmbH (manufacturer), 8520 Erlangen, Rathenaustr. 16. WTD 11/28/62.

NORWAY—Woven fabrics, poplins, others, for manufacturing parkas, similar sportswear. Rowde & Co. A/S (manufacturer), Gronvold Alle, Oslo. WTD 6/2/64.

PAKISTAN—Parachute fabrics. A. A. Ansari

& Co., Sh. Inayatullah Bldg., Anarkali, Lahore. WTD 5/28/64.

SENEGAL—Bright-colored inexpensive synthetic, printed cotton cloth for African market. Correspondence, product description must be in French, with metric system used. Raymond Labourasse, Rue de Thiony x Rue de Valny, Dakar, Senegal. WTD 6/1/64.

THAILAND—Satin fabrics. Catalogs, price lists requested. Direct purchase and agency. A & F Motiwalla (importer, wholesaler, manufacturer's representative), 316 Phahurat Rd., Bangkok.

224 Narrow Fabrics, Smallwares Mills

FRANCE—Zippers, straps, safety belts, other textile accessories for cars. Direct purchase and agency. Manufacturer, commission merchant requests replies in French. Ets. Lambin & Ravau, Place du Chateau, Comines (Nord). WTD 5/27/64.

225 Knitting Mills

NORWAY—Sweatshirts, fleece-lined, for supply to Norwegian schools, colleges with or without relevant school or college badge imprinted. Direct purchase and agency. J. Koht, A/S (importing wholesaler), Kongsvinger.

227 Floor Covering Mills

THAILAND—Carpets. Catalogs, price lists requested. Direct purchase and agency. A & F Motiawalla (importer, wholesaler, manufacturer's representative), 316 Phahurat Rd., Bangkok.

228 Yarns, Thread Mills, Products

PAKISTAN—Yarns: woolen, silk, rayon, cotton, artsilk, manmade fibre. A. A. Ansari & Co., Sh. Inayatullah Bldg., Anarkali, Lahore. WTD 5/28/64.

THAILAND—Woolen yarns for knitting. Direct purchase and agency. A & F Motiwalla (importer, wholesaler, manufacturer's representative), 316 Phahurat Rd., Bangkok.

Cotton yarns, No. 40 and up, minimum order 20,000 lb. Prices must be competitive with those of Japanese and Taiwan products. Thira Vathana Ltd. Partnership (importer, wholesaler), 107 Phadsai Rd., Bangkok.

229 Textile Goods

ENGLAND—Textile wastes, cuttings, new and old rags. John Barry Ltd. (manufacturers, exporters, importers, brokers), 69 Bonnington Rd., Leith, Scotland. WTD 6/8/64.

FRANCE—Nylon, synthetic fiber wastes; regenerated carded nylon. Direct purchase and agency. Manufacturer requests replies in French. Pierre Deprez & Cie, 71 Rue de Lille, Tourcoing (Nord). WTD 3/5/63.

Vegetable, horsehair for manufacturing mattresses, brushes. Direct purchase and agency. Ets. Charles Schweitzer (manufacturer, importing agent), 4 Rue Bouret, Paris 19e. WTD 12/21/62.

NORWAY—Acoustic felts; material for insulating against noise in factories. Halseth Industrimaskiner A/S (manufacturer's agent, importing wholesaler), 50 Ths. Heftyesgate, Oslo. WTD 1/14/64.

SPAIN—Mohair, angola, Texas type. Teneria Moderna Franco-Española, S.A., Industria 1-12, Mollet del Valles, Barcelona. WTD 1/31/64.

THAILAND—Polyethylene ropes, dia. 3 mm. to 30 mm. per coil; min. order 2,000 coils. Polyethylene twine, 400 or 380 denier, 6 to 30 ply; min. order 3 tons. Nylon twine, 210 denier, 2 to 30 ply. Thira Vathana Ltd. Partnership (importer, wholesaler), 107 Phadsai Rd., Bangkok.

Late Leads—Information received too late to be of value to bidders is published because many readers will find it of value in follow-up campaigns to sell complementary products and subsidiary services. Sometimes a cable to an agent on the scene will result in tie-in sales.

230 Apparel

FINLAND—Women's dresses, men's suits, made from woven cotton, synthetic fabrics. Requests replies with descriptive literature, price lists from manufacturers only. Direct purchase and agency. Agency Samuel Borenstein (commission sales agent), Fredrikinkatu 16A, Helsinki. WTD 6/27/62.

GERMANY—Western-style shirts, pants, jackets. Oldenburger Spinnstoff-Gesellschaft mbH. (manufacturer, importer), Kaiserstrasse 25/27, 29 Oldenburg. WTD 9/6/62.

232 Mens', Youths', Boys' Furnishings

GERMANY—All kinds of nightwear for men, boys. Oldenburger Spinnstoff-Gesellschaft mbH. (manufacturer, importer), Kaiserstrasse 25/27, 29 Oldenburg. WTD 9/6/62.

NORWAY—Heavy clothing, winter, fall, for foresters, hunters, tractor drivers. Rowde & Co. A/S, Gronvold Alle, Oslo. WTD 6/2/64.

234 Women's, Misses' Under Garments

GERMANY—All kinds of nightwear for women, misses. Oldenburger Spinnstoff-Gesellschaft mbH. (manufacturer, importer), Kaiserstrasse 25/27, 29 Oldenburg. WTD 9/6/64.

SENEGAL—Inexpensive lingerie for African market. Requests replies in French. Raymond Labourasse (commission merchant), Rue de Thony x Rue de Valny, Dakar, Senegal. WTD 6/1/64.

251 Household Furniture

FRANCE—Home upholstered furniture: chairs, sofas. Direct purchase and agency. Ets. Charles Schweitzer (manufacturer, importing agent), 4 Rue Bouret, Paris 19e. WTD 12/21/64.

GERMANY—Aluminum garden, camping furniture. Kueper & Co., (importer) Eschelsweg 4, Hamburg-Altona.

262 Paper Mills, Products

NETHERLANDS—Paper for books, machine coated on both sides, 60 grs/m^2 on rolls; importer, exporter requests price quotations cif Rotterdam, replies from manufacturers only. Direct purchase and agency. Van Beets & Co's Papierindustrieen, N.V., 24 Achterhaven, Rotterdam-6.

263 Paperboard Mills, Products

GERMANY—Kraft liner, machine finish, unbleached, test strength of 4.46 oz./10.76 sq. ft. (LB 26); in rolls of 20″ dia., width up to 8 ft. Requests replies in German, quotations cif Bremen. H. Harald Eberlein, Papiergrosshandlung, 8660 Muenchberg, Bayreutherstr. 1. WTD 6/4/64.

264 Converted Paper, Paperboard Products

ITALY—Wallpaper. Direct purchase and agency. Enrico Belli, Belli Aristide (importer, wholesaler), 88 Via dei Foraggi, Rome.

NORWAY—Paper, paperboard, all kinds, particularly new types. Direct purchase and agency. Chr. Farup, 32 Dronningensgate, Oslo. WTD 6/10/64.

273 Books

NIGERIA—Inexpensive novels, paper-backs, school books, school supplies. Direct purchase and agency. Anyanwu & Sons Bookshop (importer, retailer), 45A New Market Rd., Onitsha. WTD 5/22/64.

281 Industrial Chemicals

● **IRAN**—Anti-Freeze ethylene glycol base, 75,700 liters. Bid deadline July 23. General Inspection Dept. of the Supreme Staff IIA, Sheimiran Rd., Abbasabad.★ (Telephone: 202-WO 7-2090.)

● **KOREA**—Calcium chloride, solid 72%, 960 m.t.; sodium peroxide, granular 96%, 5 m.t.; cresylic acid, 97.5%, 2 m.t.; nitric acid, 42%, 4 m.t.; sodium cyanide, 98%, 9 m.t. Tender No. KFX-4044-N; bid deadline July 16. Office of Supply, Government of the Republic of Korea, Seoul.★ (Telephone: 202-WO 7-2008).

PAKISTAN—Various chemicals for use in paint manufacture: driers, antiskinning agents, antisettling agents. Inorganic, organic red pigments; zinc oxide; titanium dioxide; white lead; red, yellow oxide. Alyas Bros, 12 N. Block, Gulberg, Lahore. WTD 6/10/64.

Caustic soda solid 98/99%; nickel catalyst chemicals. The Punjab Vegetable Ghee & General Mills Ltd., 23 The Mall, Lahore. WTD 4/29/64.

SYRIAN ARAB REPUBLIC—Chemicals to be used in manufacturing rubber shoes, soles, heels; anti-oxident, anti-slip powder to be mixed with synthetic rubber. Direct purchase and agency. Tarakdji, Attar & Apelian, Kallasseh Quarter, Sindian St. No. 295, Aleppo.

THAILAND—Chemical ingredients for paints: polyvinyl acetate (emulsion), pigments, titanium dioxide, dispersed colors, methyl cellulose. Direct purchase and agency. John A. Fowler, Marketing Dept., Anglo-Thai Corp. Ltd. (importer, wholesaler, manufacturer's representative), 12-14 Bush Lane, Bangkok. WTD 9/24/63.

282 Synthetic Materials

GERMANY—Polyethylene, polystyrene resins, polyurethane resins, polyvinyl acetate, polyvinyl chloride. Requests replies from manufacturers only, quotations cif Rotterdam. Thyssensche Kohlen- u. Energiewirtschafts-GmbH (wholesaler, importer, distributor), Postfach 287, 422 Dinslaken. WTD 5/20/64.

Cellulose derivatives. Requests replies from exporters, quotations cif Rotterdam. Thyssensche Kohlen- u. Energiewirtschafts-GmbH (wholesaler, importer, distributor), Postfach 287, 422 Dinslaken. WTD 5/20/64.

Synthetic yarns such as nylon; replies from manufacturers only; quotations cif European ports. C. Cramer & Co., Weberei (manufacturer), 4431 Nienborg Bez. Muenster. WTD 5/13/64.

SYRIAN ARAB REPUBLIC—Synthetic rubber for manufacturing shoes, soles, heels; parts for washing machines. Direct purchase and agency. Tarakdji, Attar & Apelian, Kallasseh Quarter, Sindian St. No. 295, Aleppo.

283 Drugs

GERMANY—Pharmaceuticals: medicines. Direct purchase and agency. Requests quotations cif Hamburg. Sanitaetshaus H. Fuchs (wholesaler, retailer), 8 Muenchen 2, Karlsplatz 25. WTD 6/4/64.

NIGERIA—Patent medicines; inexpensive vitamins, first-aid supplies, antibiotics; Direct purchase and agency. Oscar Pharmacy (manufacturer), 117 Zik Ave., Uwani, Enugu. WTD 5/28/64.

285 Paints, Varnishes, Lacquers, Enamels

ITALY—Varnishes, synthetic enamels, emulsion paints. Direct purchase and agency. Enrico Belli, Belli Aristide (importer, wholesaler) 88 Via dei Foraggi, Rome.

PAKISTAN—Paints, varnishes, lacquers, japans, enamels. Direct purchase and agency. S. Mohammad Ilyas & Sons Ltd., The Mall, Lahore. WTD 6/10/64.

289 Chemical Products

ITALY—Insulating, protective, anticorrosive products. Direct purchase and agency. Enrico Belli, Belli Aristide (importer, wholesaler), 88 Via dei Foraggi, Rome.

NORWAY—Boiler, tank, conduit, building insulating compounds. Direct purchase and agency. Halseth Industrimaskiner A/S, 50 Ths. Heftyesgate, Oslo. WTD 1/14/64.

PAKISTAN—Chemicals for use in offset printing machine; inks for letter and offset presses, black, white, red, blue, green, yellow. Pak Type Foundry, 20 Abkar Rd., Lahore. WTD 5/27/64.

Activated carbon. The Punjab Vegetable Ghee & General Mills Ltd., 23 The Mall, Lahore. WTD 4/29/64.

301 Tires, Inner Tubes

GERMANY—Pneumatic tires, tubes for trucks, passenger cars; all types, sizes. Kueper & Co. (importer), Eschelsweg 4, Hamburg-Altona.

● **GREECE**—Tires, 405, various truck and and off-the-road sizes. Tender unnumbered; bid deadline July 25. Ministry of National Defense, Military Service of Reconstruction Projects (S.Y.K.E.A.), Athens.★ (Telephone: 202-WO 7-3381).

● **VIET-NAM**—Tires, 364; inner tubes, 358, various passenger and motorcycle sizes. Tender No. 1300-04064; bid deadline July 14. Central Purchasing Authority, 140 Hong Thap Tu, Saigon.★ (Telephone: 202-WO 7-3381).

306 Fabricated Rubber Products

GERMANY—Household rubber gloves, assorted colors with rough surface, each pair in plastic bag; workers' smooth surface rubber gloves for chemical, electrical, other industries, 0.6 to 1.5 mm. thickness, black and/or dark blue colored. Offers from manufacturers only for quantities of 500 doz. min., accompanied by samples; price quotations on c&f Hamburg basis. H. A. Sierau & Co., Schaarteinwegbruecke 2, Hamburg 11.

307 Plastics Products

FRANCE—Plastic kitchenware, preferably patented articles. Direct purchase and agency. Stenplast s.a. (manufacturer), 6 Rue Pouchet, Paris 17e.

GERMANY—Plastic materials such as granulates, semi-finished products, plastic molding compounds. Requests replies from exporters, quotations cif Rotterdam. Thyssensche Kohlen- u. Energiewirtschafts-GmbH (wholesaler, importer, distributor), Postfach 287, 422 Dinslaken. WTD 5/20/64.

PAKISTAN—P.V.C. rigid tubewell pipe, screens. Omar Sons Ltd. (importer, manufacturer), 23 The Mall, Lahore. WTD 5/27/64.

Plastic sheets, other plastic products. A. A. Ansari & Co., Sh. Inayatullah Bldg., Anarkali, Lahore. WTD 5/28/64.

322 Glass, Glassware

NORWAY—Pressed, blown glass, particularly interested in new types, designs. Direct purchase and agency. Chr. Farup, 32 Dronningensgate, Oslo. WTD 6/10/64.

325 Structural Clay Products

PAKISTAN—Clay refractories, cast, castables. Omar Sons Ltd. (importer, manufacturer), 23 The Mall, Lahore. WTD 5/27/64.

329 Abrasives, Asbestos, Miscellaneous Nonmetallic Mineral Products

PAKISTAN—Graphite, powder, granular; grinding wheels, honing supplies, emery cloth, emery pastes. M. Mohammad Hussain & Sons, Badami Bagh, Lahore 6. WTD 5/25/64.

Fuller's earth, ground or treated. The Punjab Vegetable Ghee & General Mills Ltd., 23 The Mall, Lahore. WTD 4/29/64.

331 Steel Mill Products

● **BURMA**—Galvanized corrugated steel sheets, 11,440 l.t. Tender No. 50/05/63-64 (P); galvanized plain steel sheets, 1000 l.t. Tender No. 51/05/63-64 (P). Bid deadline, both tenders, July 15. The Secretary (1), People's Stores Corp., c/o Foreign Office, Prome Rd., Rangoon.★ (Telephone: 202-WO 7-2363).

PAKISTAN—Electrolytic tin plate 0.50 coating 107 B/W. The Punjab Vegetable Ghee & General Mills Ltd., 23 The Mall, Lahore. WTD 4/29/64.

Hard drawn m.s. wires, BWG 19, 20, 21, 22: for manufacturing paper pins, clips, nails, stitching. Tin coated m.s. wire, bright, hard drawn, BWG 19, 20, 21, 22. Flat tin coated/Bethanized m.w. wire, .028" x .0175", for making staple pins size 24/6. Loan Tire & Rubber Co. Ltd., Massey Gate, Rawalpindi. WTD 5/27/64.

Pig iron; cold, hot rolled steel sheets, bars, tubes; bright drawn bars; high speed, alloy steel sheets; ground bars. M. Mohammad Hussain & Sons, Badami Bagh, Lahore 6. WTD 5/25/64.

SPAIN—Coils of hot rolled steel sheet; importer, manufacturer requests replies in Spanish. Laminaciones de Lesaca, S.A., Lesaca, Navarra. WTD 2/20/63.

333 Primary Smelting, Refining of Nonferrous Metal

GERMANY—Aluminum scrap, manufacturers' waste, aluminum pre-melted alloys. Requests replies in German, quotations cif European ports. Metall- & Gusswerk Sommer KG (manufacturer, smelter, refiner), 808 Emmering b. Fuerstenfeldbruck, Postfach 1. WTD 6/3/64.

● **INDIA**—Pig lead, grade 99.8%, 186.5 m.t. Tender No. SR-5/60044/R/50062-P/1, bid deadline July 23. Procurement will be financed under I.B.R.D. credits. Director General of Supplies & Disposals, Jeewan Tara Bldg., Parliament St., New Delhi 1.★ (Telephone: 202-WO 7-2692).

335 Rolling, Drawing, Extruding of Nonferrous Metals

● **INDIA**—Supply of 245 tons of copper ingots. Tender No. SR/5/542/23A/I, bid deadline July 16. Director General of Supplies & Disposals, Jeewan Tara Bldg., Parliament St., New Delhi 1. Tender documents are available at India Supply Mission (Ref. No. D/ENQ/1076), 2536 Massachusetts Ave., NW., Washington, D.C. 20008.

● **NICARAGUA**—Supply of 168,500 ft. of type L copper pipe. Contract No. 8A, bid deadline July 15. Managua Water Co., Managua. Tender documents are available at Hazen & Sawyer, 360 Lexington Ave., New York City, N.Y., for $10.00 per copy.

NORWAY—Copper tubing, ranging from ⅜" No. 17 ISWG to 2" No. 16 ISWG. C. Blunck & Co. A/S (importing wholesaler), 6 Kristian den IVdes gate, Oslo. WTD 6/10/64.

PAKISTAN—White, gun metals; phosphor bronze; copper tubes; ferro alloys. M. Mohammad Hussain & Sons, Badami Bagh, Lahore 6. WTD 5/25/64.

339 Primary Metal Industries

NORWAY—Anchors, anchor chains for all types of ships. Kyvik & Co. A/S (importing wholesaler), Haugesund. WTD 3/11/64.

342 Cutlery, Hand Tools, General Hardware

FINLAND—Hand tools, general hardware items. Requests replies from manufacturers only with descriptive literature, price lists. Direct purchase and commission agency. Agency Samuel Borenstein (sales agent), Fredrikinkatu 16 A, Helsinki. WTD 6/27/62.

FRANCE—Edged hand agricultural, lawn, garden tools. Direct purchase and agency. Agrarbor (importer, dealer), 35 Rue de Dantzig, Paris 15e. WTD 3/20/63.

● **IRAN**—31 items various bolts and nuts. Tender No. 43/309, bid deadline Sept. 1. Iranian State Railways, Purchasing Dept., Tehran.★ (Telephone: 202-WO 7-5589).

NORWAY—Garden sprayers, accessories. Importing wholesaler requests replies from manufacturers only. C. Blunck & Co. A/S, 6 Kristian den IVdes gate, Oslo. WTD 6/10/64.

PAKISTAN—Hardware for builders, furniture, overhead door sash, screen-doors, windows, trunks. Direct purchase and agency. S. Mohammad Ilyas & Sons Ltd., The Mall, Lahore. WTD 6/10/64.

343 Heating Apparatus, Plumbing Fixtures

● **GUATEMALA**—One steel, horizontal firebox boiler, 2 steps, 60 BHP, 2,070 lb. steam capacity per hour at 212° F.; 2,010,000 BTU per hour thermic capacity; design pressure: 125 psi lb.; working pressure: 120 psi; direct radiation equivalent to 8,375 sq. ft.; guaranteed min. efficiency, 80%; 220 V. 3-phase, 60 cycle, fully equipped, for Hospital San Vicente, 5,000 ft. high above sea level. Tender No. 25-64, bid deadline 9 a.m. July 15. Specifications are obtainable from Dept. de Bienes Nacionales, Licitaciones y Asuntos Alemanes, 3a. Calle 3-49, Zona 1, Guatemala City. Correspondence preferred in Spanish; tender bids will be considered only from firms legitimately established in Guatemala.

344 Fabricated Structural Metal Products

● **ECUADOR**—8,600 aluminum jalousie-type window frames, cif Guayaquil, for National Housing Bank. Tender No. 20, bid deadline 5 p.m. July 27. General specifications are in Spanish; correspondence is requested in Spanish only. Departmentos Tecnicos del Banco Ecuatoriano de la Vivienca, Quito, or Guayaquil.★ (Telephone: 202-WO 7-3601).

348 Fabricated Wire Products

PAKISTAN—Wire beads, as used in cycle tires. Basco Industries Ltd., P.O. Basco, G. T. Rd., Gujrat. WTD 6/5/64.

351 Engines, Turbines

PAKISTAN—Diesel engine parts, spares. M. Mohammad Hussain & Sons, Badami Bagh, Lahore 6. WTD 5/25/64.

Engine parts: internal combustion, 750 r.p.m. and under, except aircraft, automotive; hp. 32-150. Omar Sons Ltd. (importer, manufacturer), 23 The Mall, Lahore. WTD 5/27/64.

352 Farm Machinery

FRANCE—Rotary hand type cultivator. Direct purchase and agency. Agrarbor (importer, dealer), 35 Rue de Dantzig, Paris 15e. WTD 3/20/63.

353 Construction Machinery

● **BURMA**—8 3-wheel compactors, 10 to 12 ton variable weight; 4 rock crushing-screening plants, 10 to 13 cu. yd. per hour capacity; 7 portable concrete mixers, 14/10 cu. ft. capacity, hydraulic self loading skip, powered by diesel engine; 10 portable type bench mounted drill steel rod grinder, pneumatic drive; 12 rear dump 4 cu. yd. dump trucks, 4 x 4 drive, dual rear wheels, quarry type body; 2 year supply of spare parts for all. Tender No. DPES. 43/64, bid deadline July 15. The Director of Procurement, Office of the Director of Procurement, Defense Dept., Rangoon.

● **INDIA**—Global invitation to supply 2 concrete pumps capable of delivering 25 to 33 cu. yd. various mix concrete per hour, 30 to 35 hp. electric motor drive, various accessories. Tender No. 636/BEAS/PR/51239/P-63 Global, bid deadline August 4. Superintending Engineer, Procurement Circle, P.O. Talwara Township (Pb) Distr. Hoshiarpur. Tender documents with brief specifications available free from India Supply Mission, Washington, D.C. 20008. Ref. No. D/ENQ/1061.

● Four electrically operated, 4 controlled, one-ton cranes. Tender No. SFM-64/09/58A, bid deadline August 14, Deputy Chief Mechanical Engineer (Steel Foundry), Chittaranjan Locomotives Works, Chittaranjan, West Bengal. Tender documents available from India Supply Mission, 2536 Massachusetts Ave., NW., Washington, D.C. 20008. Ref. D/ENQ/1085.★ (Telephone: 202-WO 7-5589).

PAKISTAN—Excavators, dump trucks, stone crushers, hydraulic trailers; oil, gas, water well production machinery, equipment; subsurface flowing well equipment. Omar Sons Ltd. (importer, manufacturer), 23 The Mall, Lahore. WTD 5/27/64.

SPAIN—Rollers, shovels, bulldozers, treedozers, angledozers, concrete mixers, pavers, vibrators, screens. Interested only in new equipment. Requests replies from manufacturers and/or exporters. Direct purchase and exclusive agency. Maquinaria de Obras Públicas, S.A. (importer, wholesaler, manufacturer's representative), Conde de Aranda 9, Madrid (1). WTD 10/24/63.

354 Metalworking Machinery

● **INDIA**—Bolt screwing and nut tapping machine to make bolts up to 37 mm. dia., capable of cutting English and metric threads. Tender No. SWP-7/41053-P/I, bid deadline July 28. Director General of Supplies & Disposals, National Insurance Bldg., Parliament St., New Delhi. Tender documents available from India Supply Mission, Washington, D.C. 20008. Tender fee $.75; ref. No. D/ENQ/1067.

● Press brake, 100 ton capacity, overall die space 120″ x 5″, distance between housings 96″, standard stroke 0.25″ x 96″, 3″ stroke, 35 strokes per minute; universal steel worker, 65 ton capacity. Tender No. SWP8/11007-R/I, bid deadline July 28. Director General of Supplies & Disposals, National Insurance Bldg., Parliament St., New Delhi. Tender documents available from India Supply Mission, 2536 Massachusetts Ave., NW., Washington, D.C. 20008. Ref. No. D/ENQ/1069; tender fee $2.10.

● Automatic tapping machines, bench type, single spindle with tapping capacity from 12BA to ¼″ in mild steel and 12BA to $\frac{5}{16}$″ in brass, 2 each. Tender No. SWP7/110/3-R/I, bid deadline July 22. Director General of Supplies & Disposals, National Insurance Bldg., Parliament St., New Delhi. Tender documents available from India Supply Mission, 2536 Massachusetts Ave., NW., Washington, D.C. 20008. Fee $1.05. Ref. No. D/ENQ/1066.

● Vertical boring mills: 8′ dia. of table, 8′3″ swing; 5′ dia. of table, 5′3″ swing; 6′ dia. of table, 6′5″ swing; 15′0″ dia. of table, 16′5″ swing; lathes: 31″ height of centers, 23′ between centers, 34′ length of bed, 48″ swing; 40½″ height of center, 25′ between centers, 42′6″ length of bed, 5′6″ swing; 48″ swing over bed, 30″ swing over saddle, 13′6″ length of bed; 36″ swing over bed, 21″ swing over saddle. Tender No. HE/B/PPX/GT/MT/33, bid deadline July 15. Executive Engineer, Heavy Electrical (India) Ltd., Bhopal, India. Tender documents available for purchase or review at India Supply Mission, 2536 Massachusetts Ave., NW., Washington, D.C. 20008. Telephone: 202-CO 5-5200. Ref. No. D/ENQ/1071; fee $6.30.

NORWAY—Automotive maintenance machinery, tools, equipment, for repair workshops, service stations. Direct purchase and agency. Importing wholesaler, manufacturer's agent requests replies from manufacturers only. O. Sorensen A/S, 34 Mollergaten, Oslo. WTD 5/13/64.

PAKISTAN—Drilling, boring, honing, grinding, milling machines (horizontal, vertical); drills, taps, reamers, chasers, dies, carbide tools, milling cutters, hacksaw blades. M. Mohammad Hussain & Sons, Badami Bagh, Lahore 6. WTD 5/25/64.

Machine for manufacturing stainless steel razors, razor blades. Direct purchase and agency. S. Mohammad Ilyas & Sons Ltd., The Mall, Lahore. WTD 6/10/64.

Machine for manufacturing lock sets, hinges, door stopper, hasps, clasps. Direct purchase and agency. S. Mohammad Ilyas & Sons Ltd., The Mall, Lahore. WTD 6/10/64.

Belt drop hammers; eccentric presses; grinding machines; heat treatment furnaces; electrolytic brightening plant; broaching machine; rivetting machines; power hack saws; wood rod turning lathes; milling machines; universal tool and cutter grinders; pantographic die sinking machines, other related machines for manufacturing dies; injection moulds machine for moulding screw driver handles dies, trimming tools, millers punching and dressing tools, broaching needles. Green & White Enterprises Ltd., 37/2 McLeod Rd., Lahore. WTD 6/8/64.

SWEDEN—Machinery for manufacturing razor blades. Svenska Rakbladsfabriken AB (manufacturer), Grästorp. WTD 6/10/64.

355 Special Industry Machinery

COLOMBIA—The Planning Office requests information concerning the purchase of: equipment necessary to produce 10 million paper cement bags annually from locally produced paper; equipment for production of 8 million fiber sacks annually, including machinery for the weaving of fiber material for the sacks; requests replies in Spanish. Gobernacion de Boyaca, Oficina Departmental de Planeacion, Tunja.

INDIA—Plant to manufacture zinc dust from electrolytic zinc ingots, min. rated capacity of plant to be 7 tons zinc dust per day; would like technical know-how for converting metallic zinc by thermal blowing into zinc dust. Copy of list of machinery desired is available on loan basis from Trade Opportunities Staff, BDSA-111, Rm. 4203, Department of Commerce, Washington, D.C. 20230. J. K. Chemicals Ltd., J. K. Building, Dougall Rd., Ballard Estate, Bombay 1.

PAKISTAN—Bobbins, spinning frames; travelers, loom accessories, hoppers, bale breaker, superior cleaner, porcupine opener, loom spare parts; spare parts for bleaching, dyeing, finishing machinery. Printing machinery, equipment: letter presses 18″ x 24″, 15″ x 22″; offset presses 18″ x 24″, 20″ x 30″, 22″ x 36″; for one-color printing; brass rule; composition rollers; glass balls; rubber blankets; rubber rollers; steel galleys; counting, numbering machines. Pak Type Foundry, 20 Abkari Rd., Lahore. WTD 5/27/64.

Extractors for fruit juices, citrus oils; equipment for processing fruit juice concentrates, by-product cattle feed. Omar Sons Ltd. (importer, manufacturer), 23 The Mall, Lahore. WTD 5/27/64.

Tire retreading machinery; spare parts. Loan Tire & Rubber Co. Ltd., Massey Gate, Rawalpindi. WTD 5/27/64.

356 General Industrial Machinery

NETHERLANDS—Electro-magnetic couplings, thrust bearings, propeller shaft bearings, hydraulic pumps, hydraulic motors, valves, friction clutches, hydraulic transmissions, elastic couplings, torque converters, heavy driving gear-parts. A.V.D., 2nd Sweelinckstraat 134, The Hague. WTD 5/26/64.

PAKISTAN—Vertical turbine pumps. Omar Sons Ltd. (importer, manufacturer), 23 The Mall, Lahore. WTD 5/27/64.

SWEDEN—Machines for packaging razor blades. Svenska Rakbladsfabriken AB (manufacturer), Grästorp. WTD 6/10/64.

357 Office, Computing, Accounting Machines

FRANCE—Computers. Ets. A. Morin (wholesaler, distributor, agent), 22 Rue des Filles Dieu, Troyes (Aube).

All kinds of offices machines: duplicating, reproduction machines, typewriters. Direct purchase and agency. Burotype (importer, dealer, agent), 22-24 Rue St-Georges, Paris 9e. WTD 8/20/62.

Adding, duplicating machines. Direct purchase and agency. Grog & Cie (importer, dealer), 37 Ave. George V, Paris 8e. WTD 12/12/62.

358 Service Industry Machines

FRANCE—Air conditioning equipment. Ets. A. Morin (wholesaler, distributor, agent), 22 Rue des Filles Dieu, Troyes (Aube).

● **TURKEY**—The Purchasing & Contracting Officer, Allied Land Forces, Southeastern

Europe, Izmir is interested in receiving price quotations, shipping schedules, catalogs for electric kitchen equipment: refrigerators having approx. 65 cu. ft. storage capacity; ice making machine, 450 lb. ice making cap. per 24 hours; frozen food cabinet, 18 cu. ft. cap.; 3-deck baking oven; steam kettle, 40 gal. cap.; food mixing machine, floor type, 2 bowls 20 to 30 qt. cap.; deep fat fryer; bread slicing machine; meat slicing machine; pots, pans; glassware, cutlery, crockery. Copies of the announcement are available from Consumer Durables Division, BDSA-307, Rm. 4412, Department of Commerce, Washington, D.C. 20230. (Telephone: 202-WO 7-5345).

362 Electrical Industrial Apparatus

● **AUSTRALIA**—Supply, delivery, erection, testing, maintenance of one or two internal combustion engine driven generating sets, complete with accessories. Sets to be 650 kw with one or both of the following types: a convertible gas engine supplied as a spark ignition engine or a dual-fuel engine. Tender No. 866, bid deadline July 22. The State Electricity Commission, Queensland. One copy of the specifications is available for review only from Power & Electrical Equipment Division, Rm. 4124, BDSA-325, Department of Commerce, Washington, D.C. 20230. (Telephone: 202-WO 7-4242).

PAKISTAN—Generator parts, under 2,000 kw. Omar Sons Ltd. (importer, manufacturer), 23 The Mall, Lahore. WTD 5/27/64.

363 Household Appliances

NORWAY—Small electric household appliances, wired for 220 v.ac, 50 cycle, must meet requirements of Norwegian Electrical Materials Testing Board. Direct purchase and agency. Requests replies from manufacturers only. Skuteng A/S (importing wholesaler, manufacturer's gent), P.O. Box 5144, Majorstuhuset, Oslo 3. WTD 12/4/63.

364 Electric Lighting, Wiring Equipment

● **BURMA**—Miscellaneous electrical equipment including street lighting fixtures, lamp holders, electrician's tools. Tender No. PT-12/63-64, bid deadline July 27. The Chief, Economic Division, Foreign Office, Prome Rd., Rangoon.★ (Telephone: 202-WO 7-4242).

IRAQ—Street, highway lighting equipment, current-carrying wiring devices. S. M. Latif (importer, wholesaler, contractor), Mutá El-Khedery Bldg., South Gate, Baghdad. WTD 6/8/64.

PAKISTAN—Pole line, transmission hardware. Omar Sons Ltd. (importer, manufacturer), 23 The Mall, Lahore. WTD 5/27/64.

366 Communication Equipment

FRANCE—Spatial devices, equipment: missile guidance devices, control instruments, detecting apparatus. Direct purchase and agency. Produits pour l'Espace, 80 Ave. d'Iéna, Paris 16e. WTD 6/13/64.

● **INDIA**—Supply of 3 cable fault locators. Tender No. 614/Global/Beas/PR/54349/E-323, bid deadline July 22. Superintending Engineer, Procurement Circle, P. O. Talwara Township (Pb). Tender documents available from India Supply Mission, 2536 Massachusetts Ave., NW., Washington, D.C. 20008. Ref. D/ENQ/1058.

ITALY—Electronic equipment for professional, military use: control instruments, radar, telecommunication equipment. Requests quotations cif Italy. Direct purchase and agency. Ing. Giancarlo Ferretti, Manager Teleradar-Apparecchi Elettronici (importer, agent), 7 Lungotevere Mellini, Rome.

● **KOREA**—Supply of telegraph exchange equipment, steel wire armored cables, diesel engine generators, brass relief valves, pressure reducing valves and meters. Tender No. KFX-4033-S, bid deadline July 18. Office of Supply, Government of the Republic of Korea, Seoul.★ (Telephone: 202-WO 7-4822).

367 Electronic Components, Accessories

FRANCE—Electronic control equipment. Ets. A. Morin (wholesaler, distributor, agent), 22 Rue des Filles Dieu, Troyes (Aube).

369 Electrical Machinery, Equipment, Supplies

● **SOUTH AFRICA**—Radiographic inspection of site welds during construction of the Durban Johannesburg Petroleum Products Pipeline. Estimated cost approx. $141,000. Tender No. CCE 357, bid deadline July 17. Chief Civil Engineer, Rm. 282, Tippetts Bldg., Johannesburg.★ (Telephone: 202-WO 7-2939).

371 Motor Vehicles, Motor Vehicle Equipment

AUSTRALIA—Automotive air conditioning compressors; 6-cylinder compact type for easy installation in automobile engine compartments. D. H. Stitt, Cousens & Smith Pty. Ltd. (manufacturers), 6 Joseph St., Rozelle, N.S.W.

PAKISTAN—Automotive spare parts. A. A. Ansari & Co., Sh. Inayatullah Building, Anarkali, Lahore. WTD 5/28/64.

SYRIAN ARAB REPUBLIC—General line of automotive spare parts, accessories. Direct purchase and agency. Edward R. Kurdy, P.O. Box 424, Bustan Gul-Ab, Aleppo.

372 Aircraft, Parts

FRANCE—Aeronautical equipment, spare parts. Direct purchase and agency. Produits pour l'Espace (importer, dealer), 80 Ave. d'Iéna, Paris 16e. WTD 6/16/63.

GERMANY—Aircraft parts, accessories, all kinds. Requests replies from manufacturers only, quotations cif Rotterdam. Direct purchase or agency. Von Engel Avia KG (importer, distributor), 8 Pempelforterstrasse, 4 Duesseldorf. WTD 2/18/64.

373 Ship Building, Repairing

PAKISTAN—Cargo ships, coastal vessels. Omar Sons Ltd. (importer, manufacturer), 23 The Mall, Lahore. WTD 5/27/64.

374 Railroad Equipment

● **NEW ZEALAND**—One ballast regulator, one track liner, gauge varies from 3′ 5¾″ to 3′7″, CCE Specification P.250. Tender NZR 64/814, deadline August 5. Comptroller of Stores, New Zealand Railways, Private Bag, Wellington, C.1., New Zealand. Copies of specification are available from the office of the New Zealand Senior Trade Commissioner, G. Brennan, 1145 19th Street, NW., Washington, D.C. 20036.★ (Telephone: 202-WO 7-3296).

379 Transportation Equipment

NETHERLANDS—House trailers. Exclusive agency and/or distributorship. Requests replies from manufacturers only. E.A. Lokhorst, Inc., 8 Groeneveldselaan, P.O. Box 65, Veenendaal.

381 Engineering, Laboratory, Scientific, Research Instruments

FRANCE—Laboratory apparatus for medical use. Direct purchase and agency. Socamed (importer, dealer), 8 Rue Gros, Paris 16e. WTD 10/9/62.

Engineering scientific instruments, all types. R. Delhomme & Cie (importer, dealer), 30 Bld. St. Jacques, Paris 14e. WTD 1/16/64.

● **GREECE**—Supply of surveying instruments including, but not limited to: leveling instruments, topographic sights, horizontal staves, tellarium meters, prismatic sights, compasses. Tender No. C/378/64, bid deadline August 10. Ministry of Commerce, State Purchases Directorate "C", 50 Socratous St., Athens.★ (Telephone: 202-WO 7-2939).

382 Instruments for Measuring, Controlling, Indicating Physical Characteristics

FRANCE—Laboratory equipment for measurement and control of liquid and gas densities. Régulateurs Francel (manufacturer, importer, exporter), 34 Rue de la Victoire, Paris 9e. WTD 5/21/63.

383 Optical Instruments, Lenses

FRANCE—Spectrography accessories, apparatus. Societe Generale d'Optique (manufacturer), 76 Bld. de la Villette, Paris 19e. WTD 8/21/63.

● **INDIA**—Supply of field binoculars. Tender No. 633/Beas/PR/I-163, bid deadline August 4. Superintending Engineer, Procurement Circle, P.O. Talwara Township, Disst. Hoshiarpur (Pb).★ (Telephone: 202-WO 7-2939).

384 Surgical, Medical, Dental Instruments

GERMANY—Medical, surgical, sickroom supplies; surgical dressings, first aid supplies. Requests quotations cif Hamburg. Direct purchase and agency. Sanitaetshaus H. Fuchs (wholesaler, retailer), 8 Muenchen 2, Karlsplatz 25. WTD 6/4/64.

386 Photographic Equipment

● **GREECE**—One photocopying machine. Tender No. C/382/64, bid deadline July 16. Ministry of Commerce, State Purchases Directorate "C", 50 Socratous St., Athens.★ (Telephone: 202-WO 7-2778).

● Photogrammetry equipment: stereo-plotting machines and aerial camera. Tender No. C/384/64, bid deadline August 13. Ministry of Commerce, State Purchases Directorate "C", 50 Socratous St., Athens.★ (Telephone: 202-WO 7-2778).

SENEGAL—Low and medium-priced heat-sensitive reproduction paper. Requests replies in French. J. Hobeika, Photo-Eclair (importer, wholesaler, retailer), 5A Rue Carnot, Dakar. WTD 5/15/64.

394 Toys, Amusement, Sporting, Goods

FINLAND—Toys; hobby articles; camping, sporting goods. Requests replies with descriptive literature, price lists from manufacturers only. Direct purchase and commission agency. Agency Samuel Borenstein (sales agent), Fredrikinkatu 16 A, Helsinki. WTD 6/27/62.

FRANCE—Patented plastic toys. Direct purchase and agency. Stenplast S.A. (manufacturer), 6 Rue Pouchet, Paris 17e.

Fishing tackle, equipment, for industrial fishing only. Direct purchase and agency. Ets. Ayello & Fils (manufacturer, agent), Rue Carnot, Dunkerque (Nord). WTD 10/16/62.

395 Pens, Pencils, Office, Artists' Materials

PAKISTAN—Fountain pens, pencils, ball point pens. A. A. Ansari & Company, Sh. Inayatullah Bldg., Anarkali, Lahore. WTD 5/28/64.

396 Costume Jewelry, Novelties, Notions, Buttons

PAKISTAN—Eyes, hooks, buckles, rivets for shoes. Basco Industries Ltd., P.O. Basco, G.T. Rd., Gujrat. WTD 6/5/64.

SENEGAL—Inexpensive costume jewelry for African market. Requests replies in French. Raymond Labourasse (commission merchant), Rue de Thony x Rue de Valny, Dakar, Senegal. WTD 6/1/64.

399 Manufacturing Industries

FRANCE—Vegetable, horsehair for manufacturing mattresses, brushes. Direct purchase and agency. Ets. Charles Schweitzer (manufacturer, importing agent), 4 Rue Bouret, Paris 19e. WTD 12/21/62.

NORWAY—Fire fighting apparatus, equipment. Especially interested in portable turbine pumps for fire departments. Importing wholesaler, manufacturer's agent requests replies from manufacturers only. Skuteng A/S, P.O. Box 5144, Majorstuhuset, Oslo 3. WTD 12/4/63.

505 Farm Products, Raw Materials

SPAIN—Calf-skins, in grades as follows: Heifer, salted; New York Collector, Ciudades Medio-Oeste, Campos Medio-Oeste, Country Renderer; Young Bull, salted; Small Packer, Big Packer. Teneria Moderna Franco-Española, S.A. (manufacturer), Industria 1-12, Mollet del Valles, Barcelona. WTD 1/31/64.

539 General Merchandise

PAKISTAN—Used or second-hand clothing, household apparel. A. A. Ansari & Co., Sh. Inayatullah Bldg., Anarkali, Lahore. WTD 5/28/64.

Ecuador requests bids on plumbing fixtures

The National Housing Bank, a government agency of Quito, Ecuador, invites bids on 28,000 various plumbing items and 36,000 fixtures, tender No. 19.

Bid deadline is 5 p.m. July 13.

The tender includes bids on 4,000 each of kitchen sinks; wash basins; shower sets; water closets with low wall and high wall tanks; toilet seats. The fixtures include 5,000 bathroom type faucets; 15,000 faucets for connecting garden hose and 16,000 sets of 1¼"-1½" tubing fixtures for connecting the items listed.

A copy of the tender documents, in Spanish, is available to firms located in the U.S. on a short-term loan basis from the Building Materials & Construction Industries Division, Rm. 4012, BDSA-306, Department of Commerce, Washington, D.C. 20230. Telephone: 202-WO 7-3601.

International Representation

The firms listed below are interested in representing U.S. firms in the areas indicated. Exclusive distributorship for these commodities is wanted only if specified.

201 Meat Products

FRANCE—Frozen meat, offals. Ets. Dena (Commission merchant, agent), 36 Rue d'Enghien, Paris 10e. WTD 5/28/64.

NETHERLANDS—Frozen boneless beef, manufacturing quality. Requests replies from manufacturers only. Rotterdamse Agentuur-en Commissiehandel N.V. Windsor, 12 Goudsesingel or P.O. Box 54, Rotterdam.

203 Canning, Preserving Foods

FRANCE—Frozen sea food products. Dena (commission merchant, agent), 36 Rue d'Enghien, Paris 10e. WTD 5/28/64.

Fruit, fish preserves: peaches, apricots, fruit cocktails, pineapples, salmon, tuna, pilchards. Requests replies from manufacturers only. Rotterdamse Agentuur-en Commissiehandel N.V. Windsor, 12 Goudsesingel or P.O. Box 54, Rotterdam.

220 Textile Mill Products

ENGLAND—Furnishing fabrics in cotton, rayon, linen, other materials, for wholesale distribution. Harry Mitchell (sales agent), 50 Fountain St., Manchester 2. WTD 6/11/64.

221 Broad Woven Fabric Mills, Cotton

NORWAY—Cotton piece goods for garment industry. Anders Langved A/S (manufacturer's agent), 17 Ovre Slottsgate, Oslo. WTD 6/4/64.

GERMANY—Cottons, synthetics for women's blouses, dresses, nightwear, mens' shirting. Kurt Gorges, Heidehofweg 113a, Hamburg-Harksheide.

222 Broad Woven Fabric Mills, Manmade Fiber, Silk

NORWAY—Synthetic and blend piece goods for garment industry. Anders Langved A/S (manufacturer's agent), 17 Ovre Slottsgate, Oslo. WTD 6/4/64.

223 Broad Woven Fabric Mills, Wool

BELGIUM—Upholstery fabrics, drapery material. Agency on commission basis only. International Textile Agency, 9a Witte Nonnenstraat, Ostend.

225 Knitting Mills, Products

NORWAY—Knitwear for ladies. Eximpo A/S (manufacturer's agent), 4 Nedre Slottsgate, Oslo. WTD 6/1/64.

226 Dyeing, Finishing Textiles

NORWAY—Calico prints, solids, colorful border prints for ladies' skirts, dresses, blouses. Lars Rollum (manufacturer's agent), 6 Konvallveien, Oslo 8. WTD 9/6/63.

227 Floor Covering Mills, Products

NORWAY—Household carpets, rugs. Anders Langved A/S (manufacturer's agent), 17 Ovre Slottsgate, Oslo. WTD 6/4/64.

230 Apparel

GERMANY—Children's, teenagers' readymade clothing; low-medium price range. Desires exclusive agency, quotations cif Bremen. Ursel Port (manufacturer), 805 Freising, Gartenstrasse 7. WTD 12/7/62.

233 Women's, Misses' Juniors' Outerwear

FRANCE—Ready-made clothes for women. Commission merchant requests replies in French. Rémy Maillet, 6 Place Denfert-Rochereau, Paris 14e. WTD 5/27/64.

239 Fabricated Textile Products

NORWAY—Curtains, household, knitted, other types. Lars Rollum (manufacturer's agent), 6 Konvallveien, Oslo 8. WTD 9/6/63.

242 Sawmills, Planing Mills

ITALY—Douglas fir, Port Orford cedar round logs preferably from Pacific Coast. J. G. Schmidt di Amelia Aschmidt Milesi (sales agent), 4/4 Via Roma, Genoa. WTD 6/9/64.

263 Paperboard Mills, Products

FRANCE—Packing, wrapping materials, specialties. Societe des Papeteries de la Madeleine-SOPAMA (wholesaler, agent), 24 Rue Chauchat, Paris 9e. WTD 5/30/64.

264 Converted Paper, Paperboard Products

FRANCE—Packing, wrapping materials, specialties. Societe des Papeteries de la Madeleine-SOPAMA (wholesaler, agent), 24 Rue Chauchat, Paris 9e. WTD 5/30/64.

Paper, wrapping, heavy kraft-liners (125 to 250 grams); semichemical wrapping paper to be corrugated; manufacturer's agent. M. Xavier d'Humières (salesman), 73 Rue Daumier, Marseille, 8ème. WTD 6/10/64.

THAILAND—Facial tissue paper, quality similar to "Kleenex" products; toilet paper, single or double ply. Sampanthamitr Co., Ltd. (importer, wholesaler, manufacturer's representative), 257 Corner Songwad/Rajawongse Rd., Bangkok.

284 Soaps, Detergents, Cleaning Preparations, Perfumes, Cosmetics

THAILAND—Nail enamels, other finished cosmetic products, in bottles or in bulk containers. Sampanthamitr Co., Ltd. (importer, wholesaler, manufacturer's representative), 257 Corner Songwad/Rajawongse Rd., Bangkok.

313 Boot, Shoe Cut Stock, Findings

FRANCE—Shoe-findings, leather-grindery, raw or basic supplies for shoe- and slipper-manufacturers, including yarns, eyelets, adhesive tape, prefabricated heels, soles (rubber, others), trimmings, new boot, shoe, slipper specialties. Requests replies from manufacturers only in French. R. L. Duhamel, (sales and manufacturer's agent), 11 Rue Blanc-Dutrouilh, Bordeaux, Gironde.

315 Leather Gloves

GERMANY—Work gloves, all leather. Requests replies from manufacturers only, quotations fob New York. Desires exclusive agency.

Roeckl Leder- und Handschuhfabrik GmbH (manufacturer, wholesaler, retailer), 8 Muenchen 5, Roecklplatz 1-2. WTD 6/3/64.

331 Steel Mill Products

GERMANY—Special steels (steel alloys) such as used in reactor construction, jet engines. Requests replies from manufacturers only, quotations fas U.S. port or cif Bremen. Exclusive agency. E. A. Giessen (agent), 8 Muenchen-Allach, Ernst-Haeckel-Strasse 18. WTD 6/5/64.

333 Primary Smelting, Refining of Nonferrous Metals

GERMANY—Special metals such as tantalum, tungsten, molybdenum; in shapes, tubes, sheets, strips, powder. Requests replies from manufacturers only, quotations fas U.S. port or cif Bremen. Exclusive agency. E. A. Giessen (agent), 8 Muenchen-Allach, Ernst-Haeckel-Strasse 18. WTD 6/5/64.

342 Cutlery, Hand Tools, General Hardware

ITALY—Hardware, hand tools, all types. Ferramenta Frigerio (wholesaler, retailer), Via Gramsci 9, Foligno.

SOUTH AFRICA—Builders' hardware, especially die-cast articles; artisans' tools; hinges, fittings for manufacture of suitcases; general hardware. E. G. Black (manufacturers' agent), P.O. Box 1648, Durban, Natal. WTD 6/5/64.

354 Metalworking Machinery

ITALY—Automobile repair shop equipment; automobile engine control apparatus. M.A.R.I., S.r.l. (agent), 83 Via Cipro, Rome.

355 Special Industry Machinery

FRANCE—Machinery, equipment for food, chemical, heating industries. Raymond Sabatier (agent), 2 Rue Turgot, Paris 9e.

358 Service Industry Machines

FRANCE—Portable air conditioners. Exclusive agency. VI.SA.Ne Electronic (sales agent), 6 Rue Montauban, Toulon, Var. WTD 6/10/64.

NORWAY—Vending machines for food, drinks in cafeterias, canteens. Demonstrasjonservice A/S, Sven Rolfsen (manufacturer's agent), 342 Drammensveien, Lysaker, Oslo.

SPAIN—All types of vending machines for cigarettes, cookies, candy bars, bottled cold drinks; requests exclusive agency. Louis H. Heydeman (agent, wholesaler), Marina 10, Santa Cruz de Tenerife, Canary Islands. WTD 2/17/64.

363 Household Appliances

THAILAND—Electric household appliances, all types. Sampanthamitr Co., Ltd. (importer, wholesaler, manufacturer's representative), 257 Corner Songwad/Rajawongse Rd., Bangkok.

364 Electrical Lighting, Wiring Equipment

SWEDEN—Bicycle lamps. Robert Bosch AB (manufacturer, wholesaler), Birger Jarlsgatan 25, Stockholm C.

367 Electronic Components, Accessories

FRANCE—Electronic instruments; commercial, industrial electronic equipment. Regulateurs Francel (manufacturer, importer, exporter), 34 Rue de la Victoire, Paris 9e. WTD 5/21/63.

GERMANY—Electronic components, related equipment. Interested in exclusive agency. Requests replies in German from manufacturers only, quotations cif German port. Gustav Beck KG, 85 Nuernberg, Scharnhorststr. 40. WTD 6/4/64.

381 Engineering, Laboratory, Scientific Research Instruments

FRANCE—Laboratory control, research instruments: hospital, clinical apparatus for analysis, control, monitoring. Equipements Industriels (manufacturer, importing agent), 1 Rue Monticelli, Paris 14e. WTD 4/11/63.

382 Physical Characteristics

FRANCE—Instruments related to industrial control, research, monitoring. Equipements Industriels (manufacturer, importing agent), 1 Rue Monticelli, Paris 14e. WTD 4/11/63.

399 Manufacturing Industries

NORWAY—Coin-operated amusement machines, especially billiard games. Demonstrasjonservice A/S, Sven Rolfsen, 342 Drammensveien, Lysaker, Oslo.

630 Insurance Carriers

ETHIOPIA—Exclusive insurance agency from U.S. Co. sought, wishes to handle all kinds of insurance except life. George P. Myriallis, P.O. Box 1124, Addis Ababa.

Korea seeking bids on materials, parts

The Office of Supply, Government of the Republic of Korea, Seoul, Korea, will receive bids until 2 p.m., July 23, on Invitation No. KFX-4043-P for various quantities of antimony metal; tin ingot; steel bars, plates, axles and tires; transistors for fluorescent lamps; couplers; draft gear and roller bearings.

A copy of the tender is available on a loan basis to firms located in the U.S. from the Iron & Steel Division, BDSA-315, Department of Commerce, Washington, D.C. 20230. Telephone: 202-WO 7-2363. Notes on drawings are in Korean.

Air conditioning system sought for Korean factory

The Office of Supply, Government of the Republic of Korea, Seoul, has issued invitation No. KFX-4036-S, for a large air conditioning system for the tobacco factory.

Bid deadline is July 18.

A copy of the tender is available on a short-term loan basis to firms located in the U.S. from the GIEC Division, BDSA-323, Department of Commerce, Washington, D.C. 20230. Telephone: 202-WO 7-5589.

Leads for Importers

201 Meat Products

ETHIOPIA—Hides, skins. Abdalla M. Hakimi, P.O. Box 1092, Addis Ababa.

203 Canning, Preserving Foods

IRAN—The Iranian Fisheries Co. is inviting bids for 150,000 kilos of caviar products to be delivered over a period of 3 years, or 50,000 kilos per year, including bluga, asetra, sevroga and compressed. Bids close July 31. Specifications and Terms of Transaction may be obtained from the Iranian Economic Mission, 1413 K Street, NW., Washington, D.C. 20005.

209 Food Preparations

FRANCE—Honey, honey liquor, honey soap, bee-jelly, bee-bread. Ets. Alphandery (manufacturer), Montfavey (Vaucluse). WTD 5/28/64.

229 Textile Goods

MALAGASY—Firm desires to expand sales of woven raffia sheets in U.S. market; seeks outlets. Etablissements E. Stehle et Cie., Boite Postale 137, 5 Rue Nicolas Mayeur, Tananarive. Requests replies in French. WTD 5/28/64.

282 Synthetic Materials

GERMANY—Manufacturer of filter cloth from synthetic fibers seeks several agents in U.S. Boetzelen Textilbetriebe, Postfach 663, 405 Moenchengladbach. Samples and price lists are available to U.S. inquirers upon request. WTD 4/29/64.

355 Special Industry Machinery

JAPAN—Automatic color sorting machines for selecting and sorting ceramic tiles. Tokyo Electron Laboratories, Inc., (Kabushiki-Kaisha Tokyo Electron Kenkyusho), TBS Bldg., 36, Akasaka Hitotsugi-cho, Minato-ku, Tokyo. WTD 6/4/64.

367 Electronic Components, Accessories

JAPAN—Television adapters with coin operated system for Pay TV. Tokyo Electron Laboratories, Inc. (Kabushiki Kaisha Tokyo Electron Kenkyusho), TBS Bldg., 36 Akasaka Hitotsugi-cho, Minato-ku, Tokyo. WTD 6/4/64.

371 Motor Vehicles, Motor Vehicle Equipment

GERMANY—Repair, replacement parts for German-made automobiles and for most of those made in Western Europe. Holger Aussenhandels-Gesellschaft mbH., Baumwall 3, Hamburg 11. WTD 8/2/62.

399 Manufacturing Industries

ENGLAND—Original gift shop items of Scottish manufacture including hand-engraved crystal, silver brooches, etchings in copper, table mats (Scottish scenes), pictures, trays, pendants, coaster sets, cheeseboards, clan crests. Direct purchase. James H. Sherrerd, Marketing Association for Scotland Ltd., 26a Albemarle St., London, W.1.

NEPAL—Art goods including brass handicrafts and bronze curios ranging from 1" to 28" in size. Prem & Prem, Khichapokhari, P.O. Box No. 176, Kathmandu. Samples will be supplied U.S. inquirers upon request.

SPAIN—Gift items including Spanish lace, Toledo jewelry, embroidered tablecloths. Jose Manuel Sanchez Jimenez, Alcalde L. Casero 4, Madrid 17. WTD 5/27/74.

Construction Projects

ARGENTINA—(approx. 136 Peso=$1). The State electric power agency, Agua Energia Electrica, recently announced its budget for the current fiscal year (November to November) totals about 12.6 million pesos.

As of April 30, 5 billion pesos of the total year's investment program has been expended. In broad terms, the current year's investment program relates to construction of 5 **irrigation dams** and 7 **irrigation systems** that are to provide irrigation for about 80,000 hectares.

For the 5-year period from 1965 to 1969, Agua y Energia Electrica has drawn up an investment program totaling 76 billion pesos. Of that amount, 11 billion would be devoted to the completion of works already underway while the remainder would be devoted to new works.

The work plan calls for about 12 irrigation dams and 8 **hydroelectric power stations** with a total installed capacity of 1.3 million k.w. Additionally, there would be investments in high tension lines, distribution networks, and irrigation systems.

Principal projects is the electric power area are a projected **power plant** of 800,000 k.w. at El Chocon and another of 300,000 k.w. at Cerros Colorados, both in the province of Neuquen. Contact Agua y Energia Electrica, Buenos Aires.

IRAN—(100 rials = US$1.32). 425 miles of high priority **roads** will be constructed or improved as a result of an $18.5 million loan to the Government by the World Bank.

The projects being assisted by the Bank include the construction, improvement or paving of 5 highways, and funding for **survey** and **preliminary engineering of roads** selected for future improvement. This activity is part of the third 5-year plan (begun in 1962) which calls for the construction and improvement of 1,875 miles of main roads and 4,400 miles of feeder roads.

Current projects are scheduled for completion in 1967 at a total cost estimated at $42.2 million. The Bank loan will cover the foreign exchange requirements; remaining costs will be financed by Iran's Plan Organization.

The survey and design of the roads now being constructed or improved were prepared by consultants engaged as part of an earlier Bank-financed project; the same consultants will supervise execution of the works being undertaken.

All construction contracts will be awarded on the basis of international competitive bidding. Contact: The Hon. Dr. M. Kashfian, Minister of Roads, Ministry of Roads, Tehran.

IRAQ—(1 dinar = US $2.80). Plans for 3 new **roads** and 3 new **bridges** were announced recently in a statement issued by the Minister of Planning. The roads will be built in the North at an estimated cost of ID4 million. One tenth of that amount has been allocated for the current fiscal year. The bridges will be in the Baghdad area. One bridge will link two rather crowded, older sections of the city near North Gate and the new Republican Hospital. Another bridge, which will span the Diyala River near the Army Canal, will carry the normal traffic between Baghdar and Kut; the present road through Rashid Camp will be closed to civilian traffic. The third bridge, which will span the Tigris near Daura, will facilitate automobile travel from the southern cities of Hilla, Nagaf and Kerbala to Baghdad. Contact the Ministry of Planning.

Visiting Buyers and Officials

Scheduled arrival dates and U.S. addresses indicated.

ARGENTINA—Antonio Scaglione, representing Antonio Scaglione, Pistones en Aleaciones de Aluminio, Griveo 3864, Buenos Aires, interested in purchasing **die casting machinery** and **molds;** also requesting technical information on above. First week July via San Francisco for 2 months. c/o Argentine Consulate, 690 Market St., San Francisco, California. Itinerary: San Francisco, Los Angeles, Chicago, New York, Washington, Miami, New Orleans.

AUSTRALIA—R. J. Broadsmith, representing Jewel Quilts Pty. Ltd., 22 City Rd., Sydney, NSW, interested in new trends, **materials** and **machinery for manufacturing bedspreads, quilts;** importing and agency for **drapery materials.** July 20 via New York for 2 weeks. c/o Mr. Leslie Eggerton, 41 Holly Place, Larchmont, New York. Itinerary: New York.

Arnold Rosenfeld, representing Rosenfeld Meixner & Co., Royal Exchange Bldg. 74-76 Eagle St., Brisbane, interested in exporting sliced **walnut veneer** to U.S. and requesting technical information on forest products research programs. Mid-July via New York for 6 weeks. c/o Department of Commerce Field Offices in itinerary. Itinerary: New York; Chicago; Madison, Wis.; San Francisco; Portland.

A. Selby, representing self, manufacturers' agent, Fifth Floor, 250 Kennington Lane, London, S.E. 11, interested in contacting manufacturers of all types of **nylon fabrics, shirting materials,** and **cloths suitable for manufacturing zippered sport jackes,** with a view of representing same in U.K. End July via New York for one week. c/o Mr. E. J. Stanley, Rm. 4604, 70 Pine St., New York, N.Y. 10005. Itinerary: New York.

Noel Sweeny, representing Noel Sweeny Pty. Ltd., Chamber of Commerce Bldg., 16 Phillimore St., Fremantle, interested in **oil field transportation** (possible merger with U.S. firm); also **customs, shipping, forwarding** and **general warehouse agency representation.** July 12 via New York for 30 days. c/o Roger Smith Hotel, Lexington Ave. & 47th St., New York, N.Y. Itinerary: New York, Houston, Dallas, San Francisco, Los Angeles, Torrance.

CHILE—Walter D. Fett, representing self, Casilla 1666, Santiago, interested in representing manufacturer of **safety** and **relief valves** for steam, gas and liquids and requesting technical information for same. July 15 via San Antonio to August 20. c/o Curtis Hotel, Third Ave. & Tenth St. So., Minneapolis, Minn. (July 18-25); Sheraton-Chicago Hotel, 505 N. Michigan Ave., Chicago, Ill. (July 25-30); Sheraton-Cleveland Hotel, 24 Public Square, Cleveland, Ohio (July 30-Aug. 2); Sheraton-Russell Hotel, Park Ave. & 37th St., New York, N.Y. (Aug. 9-20).

ENGLAND—W. W. Hirsh, representing Flair Ties Ltd., 67 Dalston Lane, London, E.8, interested in buying **material** suitable for manufacturing men's ties. July 21 via New York for 5 days. c/o Park-Sheraton International Hotel, 56th St. & Seventh Ave., New York, N.Y. Itinerary: New York.

SOUTH AFRICA—L. F. Craig, Director, representing Universal Anodishing Co. (Pty.) Ltd., P.O. Box 16, Germiston, Transvaal, interested in licensing arrangements with U.S. companies in the **aluminum manufacturing field;** also requesting technical information on **new anodizing processes.** July 15 via New York for 6 weeks to 2 months. c/o Belmont Plaza Hotel, 49th St. & Lexington Ave., New York, N.Y. Itinerary: New York; Richmond, Va.; San Francisco, Oakland, Richmond, Calif.

SWEDEN—Jan Cederstrom, representing Bertil Neuman Marketing, Sveavagen 17, Stockholm C, interested in **market research; frozen food** and **battery industries; sales training.** Here for 5 weeks. c/o Swedish Chamber of Commerce, 8 East 69th St., New York, N.Y. Itinerary: New York, Washington, Chicago, Los Angeles, San Francisco, New Orleans, Miami.

SWITZERLAND—Hans Fritsche, representing self, 132 Luchswiesenstrasse, Zurich 11/51, interested in **textile goods** of all types including knitwear, hosiery, corsets, swimsuits. July 19 via San Francisco through August 1. c/o Sir Francis Drake Hotel, 450 Powell St., San Francisco, Calif. (July 19-21); Manhattan Hotel, 44th to 45th St. & Eighth Ave., New York, N.Y. (July 30-August 1). Itinerary: Chicago, San Francisco, New York.

UGANDA—R. G. Patel, representing United Builders & Contractors Ltd., P.O. Box 1592, Kampala, interested in importing and agency for **building materials, hardware, electrical goods.** First week July via New York for 4 to 6 weeks. c/o The Standard Bank Ltd., 67 Wall St., New York, N.Y. Itinerary: New York.

Electric pump bids invited

DSI Genel Mudurlugu, Makina ve Ikmal Dairesi Reisligi, Ankara, Turkey, the State Water Works Agency, has issued tender No. 64-12T-15 for electric motor driven pumps and facilities for pumping stations. The required pumping stations are primarily intended for removal of surface water and sewerage.

Bid deadline is July 20.

A set of specifications and drawings may be seen in the Water Industries & Engineering Services Division, BDSA-314, Rm. 4111, Department of Commerce, Washington, D.C. 20230. Telephone: 202-WO 7-4346.

Iran changes bid deadline

The Iranian State Railways, Purchasing Dept., Tehran, Iran, has extended the bid deadline for the supply of 20,000 pieces of 4 and 6 hole fishplates for rails from Feb. 10 to Aug. 8. (INTERNATIONAL COMMERCE, 12/23/63, p. 41).

Conversion values of European currencies

By PAUL A. MAYER
Bureau of International Commerce

The value of all principal European currencies, in terms of dollars and in terms of other principal European currencies, is shown in the accompanying table.

The table can be read two ways.

For example, it shows that $1 buys 7 shillings and two pence (line 1), and also that £ 1 buys $2.79 (line 7).

A reader interested in the currencies of Belgium and Holland will find the following pertinent relations:

► 100 Belgian francs buys $2.00 or 7.22 Dutch florins (line 3),

► 100 Dutch florins buys $27.63 or 1,381.50 Belgian francs (line 9),

► 1 U.S. dollar buys 50 Belgian francs or 3.62 Dutch florins (line 1).

The figures are based on official exchange rates but the table is meant to serve only as a guide. In all cases of close financial calculations, up-to-the-minute information should be obtained from banks or other institutions specializing in foreign exchange.

Country	Currency Units		Value in	$	S	Bfrs	Dkr	Ffrs	DM	£ s d	Lire	Hfl	Nkr	Esc	Pts	Skr	Sfrs
U.S.A.	Dollars	$	1	**Read**	25.77	50.00	6.91	4.90	3.97	-. 7. 2	625	3.62	7.15	28.57	60	5.13	4.31
Austria	Schillings	$	100	3.88	**Inter-**	194.02	26.77	19.01	15.72	1. 7.11	2,425	14.01	27.75	110.87	233	19.91	16.72
Belgium	Belgian francs	Bfrs	100	2.00	51.54	**national**	13.82	9.80	7.94	-.14. 4	1,250	7.22	14.30	57.14	120	10.26	8.62
Denmark	Danish kroner	Dkr	100	14.48	372.29	723.59	**Commerce**	70.91	57.45	5. 2. 6	9,045	52.39	103.50	414.06	869	75.11	62.37
France	French francs	Ffrs	100	20.41	525.92	1,020.41	141.02	**each**	81.02	7. 4. 7	12,755	73.88	146.43	583.04	1,224	105.06	88.27
Germany	Deutschmark	DM	100	25.17	648.31	1,258.50	173.92	123.33	**week.**	8.18. -	15,731	91.12	179.97	719.11	1,510	129.12	108.48
Great Britain	Pounds	£	1.-.-	2.79	71.90	139.50	19.28	13.67	11.08	**It**	1,744	10.10	19.95	79.71	167	14.31	12.02
Italy	Lire	Lire	1,000	1.60	41.23	80.00	11.06	7.84	6.35	-.11. 4	**helps**	5.78	11.44	45.71	96	8.21	6.90
Netherlands	Holl. florins	Hfl	100	27.63	712.03	1,381.50	190.92	135.39	109.69	9.15. 9	17,269	**you**	197.55	789.39	1,658	141.74	119.09
Norway	Norw. kroner	Nkr	100	13.99	360.52	699.50	96.67	68.55	55.54	4.19. 1	8,744	50.64	**sell**	399.69	839	71.77	60.30
Portugal	Escudos	Esc	100	3.50	90.20	175.00	24.19	17.15	13.90	1. 4.10	2,188	12.67	25.03	**your**	210	17.96	15.09
Spain	Pesetas	Pts	100	1.67	42.95	83.33	11.53	8.17	6.62	-.11.10	1,042	6.03	11.92	47.61	**product**	8.55	7.18
Sweden	Swedish kronor	Skr	100	19.48	502.00	974.00	134.61	95.45	77.34	6.17.10	12,175	70.52	139.28	556.54	1,169	**world-**	83.96
Switzerland	Swiss francs	Sfrs	100	23.18	596.58	1,157.50	159.97	113.44	91.91	8. 4. -	14,469	83.80	165.52	661.40	1,389	118.75	**wide.**

New Books and Reports

***Overseas Business Reports.* U.S. Dept. of Commerce. Washington, 1964. $18 per year ($12 additional for overseas mailing), 15 cents per copy. Order from any Commerce Field Office or the Supt. of Documents, GPO, Wash., D.C., 20402.**

U.S. Trade With Major World Areas, January-December, 1963. OBR 64-48. 15pp. Six tables describing the 1963 U.S. trade performance.

Foreign Trade Regulations of Guatemala. OBR 64-50. 8pp. Summarizes Guatemala's trade policy, import tariff system, sales and other internal taxes, documentation and fees, labeling and marking requirements, special customs provisions, non-tariff import trade controls, and export controls. Also lists U.S. controls affecting trade with Guatemala.

Foreign Trade Regulations of Spain. OBR 64-51. 8pp. Contains the same general types of information as OBR 64-50.

Foreign Trade Regulations of Turkey. OBR 64-52. 6pp. Contains the same general types of information as OBR 64-50.

Basic Data on the Economy of Chad. OBR 64-53. 8pp. Provides an introductory summary to the economic and business situation in Chad.

***Policies for Trade and Development.* By Robert M. Stern. No. 548 of International Conciliation, published 5 times yearly by the Carnegie Endowment for International Peace. May, 1964. 63 pp. 50 cents (annual subscription $2.25).**

Discusses the role of the developing economies in the overall world economy; suggests financial policies for trade and development; commercial policies affecting the growth of international trade and economic development and outlines the institutional framework within which trade and development take place.

Write: Taplinger Publishing Co., 119 West 57th St., New York 19, N.Y.

***Korean Trade Directory: 1964.* Published by the Korean Traders Assn. Seoul, 1964. $7 (review copies are available in all Commerce Dept. Field Offices).**

The directory contains a brief summary of Korean trade and economy; lists of registered traders, commission agents, related firms and industrial and trade associations; Korea's laws and regulations affecting international trade; and statistical tables of foreign trade, exchange, industrial production and various other trade-related subjects.

Write: Korean Traders Association, 123, 2-ka, Namdaimunro, Chung-ku, Seoul, Korea.

☆ U. S. GOVERNMENT PRINTING OFFICE: 1964—701964/52

Calendar

July

6—Export Expansion Workshop, Chamber of Commerce Board Room, **St. Joseph. Mo.** Sponsors: Kansas City Field Office, REEC, St. Joseph Chamber of Commerce.

7—Export Expansion Workshop, Chamber of Commerce Board Room, **Omaha, Neb.** Sponsors: Kansas City Field Office, REEC, Omaha Chamber of Commerce.

8—Export Expansion Workshop, Chamber of Commerce Board Room, **Grand Island, Neb.** Sponsors: Kansas City Field Office, REEC, Grand Island Chamber of Commerce.

13-31—Economic Education Workshop, University of Arkansas Medical Center, **Little Rock, Ark.** Sponsor: University of Arkansas, State of Arkansas Department of Education. Theme: Meeting the Challenges of Trade and Aid. Speaker (July 29) Eugene M. Braderman, Director, Bureau of International Commerce.

14—Monthly luncheon meeting, International Executives Association, Hotel Statler Hilton, **New York, N.Y.** Open forum session under the direction of Mr. Stefan Rundt of S. J. Rundt & Associates.

Notice

To publicize local events concerning foreign trade in the "Calendar for International Traders," information should be submitted to this magazine at least 2 weeks before the date of the issue in which it appears. Please include time, place, sponsoring organization and special topic, if applicable. Meetings must be open to the public in order to be publicized in this space.

Write:

Editor, International Commerce
Bureau of International Commerce
U.S. Department of Commerce
Washington, D.C. 20230

U.S. DEPARTMENT OF COMMERCE—FIELD OFFICES

ALBUQUERQUE, N. MEX., 87101, U.S. Courthouse. Phone: 247-0311.

ANCHORAGE, ALASKA, 99501, Rm. 306, Loussac-Sogn Building. Phone: BR 2-9611.

ATLANTA, GA., 30303, 75 Forsyth St., N.W. Phone: JAckson 2-4121.

BIRMINGHAM, ALA., 35203, Title Bldg., 2030 Third Ave., North. Phone: 323-8011.

BOSTON, MASS., 02110, Room 230, 80 Federal St. Phone: CApitol 3-2312.

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CHICAGO, Ill., 60606, Room 1302, 226 W. Jackson Blvd. Phone: 828-4400.

CINCINNATI, OHIO, 45202, 8028 Federal Office Bldg., 550 Main St. Phone: 381-2200.

CLEVELAND, OHIO, 44101, 4th Floor, Federal Reserve Bank Bldg., East 6th St. & Superior Ave. Phone: 241-7900.

DALLAS, TEX., 75202, Room 1200, 1114 Commerce St. Phone: RIverside 9-3287.

DENVER, COLO., 80202, 142 New Custom House, 19th & Stout St. Phone: 534-4151.

DES MOINES, IA. 50309, 1216 Paramount Bldg., 509 Grand Avenue, Phone: 284-4222.

DETROIT, MICH., 48226, 445 Federal Bldg. Phone: 226-6088.

GREENSBORO, N. C., 27402, Room 407, U.S. Post Office Bldg. Phone: 273-8234.

HARTFORD, CONN., 06103, 18 Asylum St. Phone: 244-3530.

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HOUSTON, TEX., 77002, 5102 Federal Bldg., 515 Rusk Ave. Phone: CA 8-0611.

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MILWAUKEE, WIS., 53203, Straus Bldg., 238 W. Wisconsin Ave. Phone: BR 2-8600.

MINNEAPOLIS, MINN., 55401, Room 304, Federal Bldg., 110 S. Fourth St. Phone: 334-2133.

NEW ORLEANS, LA., 70130, 1508 Masonic Temple Bldg., 333 St. Charles Ave. Phone: 527-6546.

NEW YORK, N.Y., 10001, 61st Fl., Empire State Bldg., 350 Fifth Ave. Phone: LOngacre 3-3377.

PHILADELPHIA, PA., 19107, Jefferson Bldg., 1015 Chestnut St. Phone: WAlnut 3-2400.

PHOENIX, ARIZ., 85025, New Federal Bldg., 230 N. First Ave. Phone: 261-3285.

PITTSBURGH, PA., 15222, 1030 Park Bldg., 355 Fifth Ave. Phone: 471-0800.

PORTLAND, OREG., 97204, 217 Old U.S. Courthouse, 520 S. W. Morrison St. Phone: 226-3361.

RENO, NEV., 89502, 1479 Wells Ave. Phone: FA 2-7133.

RICHMOND, VA., 23240, 2105 Federal Bldg., 400 North 8th St. Phone: 649-3611.

ST. LOUIS, MO., 63103, 2511 Federal Bldg., 1520 Market St. Phone: MAin 2-4243.

SALT LAKE CITY, UTAH, 84111, 3235 Federal Bldg., 125 So. State St. Phone: 524-5116.

SAN FRANCISCO, CALIF., 94102, Room 9453, Federal Building, 450 Golden Gate Ave. Phone: 556-5868.

SANTURCE, PUERTO RICO, 00907, Room 628, 605 Condado Ave. Phone: 723-4640.

SAVANNAH, GA., 31402, 235 U.S. Courthouse and Post Office Bldg., 125-29 Bull St. Phone: ADams 2-4755.

SEATTLE, WASH., 98104, 809 Federal Office Bldg., 909 First Ave. Phone: MUtual 2-3300.

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